



International committee claims it has proof that at least 3 Arabs died from beatings Red Cross raps 'brutality' of Israeli measures

By MENACHEM SHALEV
Post Diplomatic Correspondent

The International Committee of the Red Cross (ICRC) has strongly protested Israel's handling of the disturbances in the territories and has appealed to Prime Minister Yitzhak Shamir to "bring to an immediate end these serious acts perpetrated against civilians."

The committee claims that it has irrefutable proof that at least three Arabs have died as a result of beatings inflicted by IDF soldiers.

In a letter handed in recent days to Israel's ICRC representative in Geneva, committee vice president Maurice Aubert writes that "thousands of people have been the victims of brutality and grave ill-treatment at the hands of Israeli soldiers."

Israel's "unacceptable" measures, he adds, have also been employed against "innocent vic-

tims such as young children, pregnant women and the elderly."

Officials in Jerusalem yesterday described the harsh tone of the protest letter as "unprecedented" and a marked deviation from the committee's usually "subdued" tone.

Aubert writes that the committee is "profoundly concerned" at the measures employed by the IDF in the territories, which, he says, "must adhere to the principle of proportionality" between the recognized responsibility for maintaining law and order and the methods employed to achieve this aim.

"The very large number of victims claimed since the beginning of December testifies that this principle has not been respected by Israeli forces responsible for maintaining law and order," Aubert writes. Noting the death of more than 50 Palestinians, Aubert states that "the very wide-

spread use of physical violence against arrested suspects and the civilian population is equally serious."

"The consequences" of IDF actions "have been observed by ICRC delegates during their visits to hospitals and detention centres," Aubert notes, maintaining that at least three people have died as a result of beatings. "Hundreds of people have been subjected to physical violence, injustice and arbitrary measures even outside [of] demonstrations or unrest, particularly during curfew periods."

Aubert states that the measures employed against the civilian population in the West Bank and Gaza are "unacceptable" not only because they contravene the Fourth Geneva Convention "but above all because of their very grave consequences in humanitarian terms."



CONFRONTATION IN RAMALLAH: A soldier points his rifle at a woman during a demonstration in Ramallah yesterday. (AFP)

Palestinian economic resistance may backfire

THE PALESTINIAN uprising, which now seems to be as carefully orchestrated as it was once spontaneous, is beginning to place greater emphasis on economic resistance. The outcome of this development is very likely to hurt the Palestinian population far more quickly and intensively than it will harm Israel. And, lacking drama, it may also fail to arouse the kind of international concern that its planners are hoping for.

The weapons at the disposal of the Palestinians for the campaign they apparently envisage are concentrated on three fronts: the work force they provide for the Israeli economy, the purchasing power they represent for Israeli firms and their ability to make their own way. All three are limited.

For years, Israelis have speculated as to what would happen if the cheap labour from the territories

(which does their hard and dirty work) were to disappear one day. The dream of some - and nightmare of others - is now becoming reality. But it is likely that the Palestinians will regret speeding the process of uncoupling the Israeli economy

COMMENT Pinhas Landau

from its labour pool in the territories. The Israeli businessman is the unsung hero of the country's survival and growth. Despite immense problems, from a generally hostile environment and especially from 40 years of "oppression and persecution" from their own centralist and anti-business governments, Israeli entrepreneurs have succeeded in establishing the only modern economy in this region that can compete di-

rectly with Western industrialized countries.

Since adaptability to rapid and unpredictable change is their stock in trade, Israeli businessmen may be expected to surmount the problem that will be posed by the gradual phasing out of cheap labour. Individual firms will doubtless be hit, and many will fold; some whole sectors may be radically altered. But from the perspective of the whole economy, the short-term blow will serve to push it toward the higher value-added industries that are generally accepted to be its best hope for the future.

Only the construction sector is so dependent on Arab labour as to be faced with crisis. Even here, there are numerous ways to make less go further, while underlying weak demand will prevent major dislocations in the interim period. In the longer-term, the result may well be

two things that are currently unthinkable, namely Jews working on building sites (albeit under a different wage structure) and the government easing its stranglehold on the supply of land.

The impact of a Palestinian boycott of Israeli goods would also be limited, and beneficial in the long-term. The relative poverty of the territories and the fact that they are a captive market makes them suitable only for low added-value goods, produced by low-cost manufacturers often aided by subsidies of various sorts.

Any damage to these companies will merely hasten the process of opening the Israeli economy to foreign competition, force local manufacturers to compete in genuine export markets and provide stronger arguments for the growing school of economists who see subsidies for

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In advance of Shultz visit this week Three die as unrest in W. Bank heats up

By JOEL GREENBERG
Jerusalem Post Reporter

Two Palestinians were shot and killed and a third died yesterday on the second consecutive day of widespread protests in the West Bank, following calls by the PLO for increased demonstrations in advance of the arrival this week of U.S. Secretary of State George Shultz.

At least 17 Palestinians were reported wounded in yesterday's clashes.

A total of 61 Palestinians have been killed since the protests in the territories began in December.

Military sources gave the follow-

ing details on an incident in Nablus, where protest erupted throughout the city in the afternoon:

A soldier on patrol in the old quarter was attacked by three knife-wielding youths, stabbed and lightly injured. During the struggle, a motorist attempted to run over the troops, and an officer opened fire at the car, killing a youth sitting beside the driver.

Palestinian sources in Nablus said Ragheb Abu Amara, 19, had been killed when soldiers opened fire at rock-throwers. They said his body was taken from the hospital and buried in a procession which was interrupted by clashes with troops.

The sources reported that a man

of about 60, Ahmad Abu Salhiyeh, died of a heart attack after he was overcome by tear-gas, and that doctors at the Itihad Nisa'i Hospital said 17 persons had been admitted with bullet wounds.

A man was shot and killed at Deir Amar near Ramallah in an incident still under IDF investigation. Military sources said an investigation was underway to determine whether troops were involved, though reports had been received that the driver of an Israeli car or mail truck had fired shots in the air when his vehicle was blocked and surrounded by protesters.

The man, Kamal Fares, 22, was (Continued on Page 2, Col. 5)

Shevardnadze talks to Shultz about peace in the Mideast:

Kremlin wants to get more involved

MOSCOW (AP) - Soviet Foreign Minister Eduard Shevardnadze said his government wants to play "a more active role" in the search for an Arab-Israeli settlement as he opened talks yesterday with U.S. Secretary of State George Shultz.

The issue of Soviet participation is one of the key items on Shultz's agenda for his two days of talks here.

Shultz on Saturday said the Soviets should "face up" to their human

rights problems and establish relations with Israel if they intend to take part in the talks he will try to set up when he goes to the Middle East next week.

But Shevardnadze, chatting with a reporter while waiting for Shultz at the Soviet Foreign Ministry's elegant guest house in central Moscow, said his government already was playing a "constructive role" in the region.

"We want to play a more active

role also in the negotiations," he said.

Prime Minister Shamir has resisted Soviet participation in the search for a Middle East settlement.

Shultz's talks here are intended to prepare the next superpower summit meeting between U.S. President Reagan and Soviet Communist Party leader Gorbachev. The summit is to be held in Moscow, but the date has not been set.

(Continued on Page 2, Col. 3)

PLO, Palestinians split over meeting

By JOEL GREENBERG
Jerusalem Post Reporter

Differences have emerged between local Palestinian leaders and the PLO regarding the advisability of a meeting with U.S. Secretary of State George Shultz. The PLO last night issued a severe warning to Palestinians in the territories not to meet Shultz this week, rejecting pressure by local Palestinian personalities to sanction the meeting.

In a radio broadcast from Baghdad, the organization warned Palestinian public figures against "daring to think about" a meeting with Shultz. The PLO has rejected the meeting, officially on the grounds that Shultz is heavily biased in Isra-

el's favour and hostile to minimal Palestinian demands.

The PLO warning fuelled sentiment among street activists against the meeting, but failed to change the views of many of the potential invitees, who insisted last night that a meeting with Shultz would be beneficial, and a boycott counterproductive. The Palestinians indicated that if they ultimately boycotted the meeting in deference to the PLO, they would be compromising their own sense of what was politically advantageous for the Palestinians.

Leaflets signed by the Democratic Front for the Liberation of Palestine, which called for protests today to mark the anniversary of the

founding of the organization, denounced Shultz and his negotiation proposals. Graffiti on walls in Ramallah also denounced the secretary of state.

But some Palestinians who met Saturday with U.S. special envoy Wat Cluverius at the U.S. consulate in Jerusalem to hear details of the American proposals were unanimous last night in their support of the meeting. A suggestion was even raised during the meeting with Cluverius, that some of the Palestinians meet abroad with PLO representatives to persuade them to sanction the talks, though this was later rejected for fear of prosecution by Is-

(Continued on Page 2, Col. 1)

Rabin: 'impossible to rule by force'

By MICHAEL YUDELMAN / Post Political Reporter
TEL AVIV - Defence Minister Rabin yesterday acknowledged that the disturbances in the West Bank and Gaza have taught him that it is impossible to rule 1.5 million Palestinians by force.

Speaking at a meeting with Hatikva Quarter Labour Party activists, Rabin said: "I've learned something in the past two and-a-half months. Among other things that you can't rule by force over one-and-a-half million Palestinians."

While he ruled out the possibility of giving up Israel's sovereignty over Jerusalem, or a return to the borders of 1967, Rabin said that certain "corrections," in the interest of security, could be made.

"If Israel annexed the territories, 'what would we do with all the Palestinians?' he asked. Responding to a suggestion from the audience that Israel transfer the Palestinians from the administered territories, Rabin said: "Transfer so far has only been done to Jews, we should not forget that. If we make them citizens, they will have 25 to 30 seats in the Knesset. If we don't, we shall be a racist state, not a Jewish one."

Rabin said Israel must see it that life in the territories continues normally. It is the Arabs who are causing disruptions with demonstrations, strikes and the use of petrol-bombs to keep shops closed and workers from coming to Israel.

"At first, and I am responsible for it, I approved opening merchants' shops by force," Rabin said. "We

learned that it didn't work. But the markets are open all day long. The radicals know that if they close that down, there really won't be any food."

Finally, Rabin urged Israelis to have patience and wait the current situation out, because Israel has gone through worse times. Israel cannot surrender to the violence, he said.

Asher Wallfish adds: Rabin yesterday said that the events in the territories represented "a confrontation between two national entities."

Briefing the cabinet at its weekly session on the incidents in the territories during the past week, Rabin said: "Some of our critics abroad, in Western countries for instance, are themselves devoid of the moral basis on which to condemn us, in view of their own records."

He admitted that abuses did occur, and warned that they could not be eliminated entirely. At the same time, he said, every alleged excess by soldiers which was brought to the attention of the authorities was duly investigated, and was sternly handled if established as a fact.

"Beatings are not carried out as a form of punishment," the minister said.

Rabin said that Israelis ought to try and understand the nature of the struggle in the territories and show more patience with the measures being adopted in order to make the inhabitants of the territories realize that violence would not bring their objectives closer.

'Most U.S. Jews don't back Israel'

Post Diplomatic Correspondent

Last week's convention of the National Jewish Community Relations Council in Los Angeles left an Israeli diplomat in the U.S. with the impression that "a large part of the American Jewish community does not support Israel," and there has been "a deep erosion" among those who do support this country.

The representative wrote to the Foreign Ministry that discussions at the annual convention of NJCRC, an umbrella organization of local Jewish community councils, were marked by deep differences between various delegates over Israel's policy in the territories and on the peace process. There was also unprecedented open criticism of Israel. One delegate reportedly expressed gratitude that the American media were uncovering "Israeli brutality."

The diplomat concluded his report: "It is easier to participate in international conferences with gov- in than in a convention of Jewish community representatives."

Anti-Arab police brutality alleged in the heart of Tel Aviv

By JONATHAN KARP
For The Jerusalem Post

TEL AVIV - Dalit Laub was so frightened by what she saw that she would have called the police - if they had not already been there. Indeed they were the cause of her fear.

As she peered in through a ground-floor window of her apartment building on Friday evening, Laub saw uniformed police officers slapping and hitting the flat's Arab tenants in a room cluttered with

overturned beds. Though she was standing only 10 metres from a busy street in central Tel Aviv, she did not immediately run for help.

"I was afraid; it was really violent, and I did not want to get involved," said Laub, who lives upstairs in the same building.

But Laub did get involved. As she watched from outside for nearly an hour, she tried to record the incident on her tape-recorder. Afterwards, she called Yosef Weizman, manager of the Shelly Cafe in the

Dizengoff Centre, where the Arabs worked, but there was no answer.

When the six policemen left the apartment at around 7 p.m., Laub said, it was still unclear to her and the eight Arabs downstairs why they had come in the first place, one-and-a-half hours earlier.

"They did not say anything at first," Maysara Al-Ijela, 20, of Gaza, told reporters. "They just started to hit us with their hands and walkie-talkies, and also kicked us."

Later, they allegedly used a broom handle and a cinder block as well. Al-Ijela said that one officer threw him down on a mattress and walked on his back. Three of the tenants, all from Gaza and the West Bank, spent Friday night in Ichilov Hospital, including Al-Ijela, who suffered two cracked ribs and a bruised shoulder.

The police yesterday called the charges of brutality "severe" and said that a senior officer had been appointed to investigate. Police spokeswoman Dalia Gilad said that if the charges were found to have substance, legal action would be

taken against the officers involved.

Weizman lodged a complaint on behalf of his employees and yesterday threatened to sue for compensation. Meanwhile, he is paying for hotel rooms for those of his workers who did not return to their homes in the territories after the incident.

According to the workers, who took reporters and representatives of the Red Light organization (a group opposed to police brutality) to the wrecked apartment, four uniformed policemen showed up on Friday at 5:30 p.m. Laub recalled that she heard shouting and opened the window to see what was happening. The officers, who were forcing an Arab tenant to enter the apartment, abruptly told her that everything was under control and to shut the window, she said.

Inside, the officers allegedly wrecked the apartment, turning over beds and furniture and throwing clothes onto the floor. The workers said that the police never asked for their identity cards or permits to remain in Israel overnight.

(Continued on Page Four)

Can you entertain children?

The Jerusalem Post is looking for puppeteers, mimes, magicians, etc., to entertain children at the upcoming Pessah Handicrafts Fair, April 4 at the Jerusalem Hilton.

If you're good with kids and are willing to contribute your talents for the Forsake Me Not Fund/Toy Fund, call Beverlee Black at 02-551626.

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The weather at major Swissair destinations

	21.2.8	MON.	MAX.	
AMSTERDAM	4-10	10	10	Cloudy
BELGIUM	2-11	11	11	Cloudy
BREMEN	2-11	11	11	Cloudy
CHAMBERS	2-11	11	11	Cloudy
COLOGNE	2-11	11	11	Cloudy
DORTMUND	2-11	11	11	Cloudy
DRESDEN	2-11	11	11	Cloudy
DUISBURG	2-11	11	11	Cloudy
FRANKFURT	2-11	11	11	Cloudy
GIESSEN	2-11	11	11	Cloudy
HANNOVER	2-11	11	11	Cloudy
KARLSRUHE	2-11	11	11	Cloudy
KOBLENZ	2-11	11	11	Cloudy
LEIPZIG	2-11	11	11	Cloudy
LONDON	2-11	11	11	Cloudy
MANNHEIM	2-11	11	11	Cloudy
MUNICH	2-11	11	11	Cloudy
MUSKAT	2-11	11	11	Cloudy
NEW YORK	2-11	11	11	Cloudy
PARIS	2-11	11	11	Cloudy
RUHR	2-11	11	11	Cloudy
SALZBURG	2-11	11	11	Cloudy
STUTTGART	2-11	11	11	Cloudy
TOBOLSK	2-11	11	11	Cloudy
TORONTO	2-11	11	11	Cloudy
VIENNA	2-11	11	11	Cloudy
ZURICH	2-11	11	11	Cloudy

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THE WEATHER

	Yesterday's	Yesterday's	Today's
	Humidity	Min-Max	Max
Jerusalem	54	8-13	10
Golan	71	7-14	10
Nahariya	65	10-17	15
Safed	89	7-11	8
Haifa Port	78	9-18	16
Tiberias	78	7-20	16
Nazareth	58	8-15	12
Asula	61	9-18	15
Shomron	60	7-15	12
Tel Aviv	—	10-18	15
B-G Airport	66	9-17	14
Jericho	67	7-22	18
Gaza	61	12-—	15
Eilat	44	5-18	15
Eilat	22	11-25	20

Weather warning

Jerusalem Post Reporter
The winter's not over yet, the weatherman warned last night. Rain, strong winds and thunderstorms will buffet the country today, tomorrow, and Wednesday, the duty weatherman predicted.

Snow is expected on Mt. Hermon and in Galilee, and may even reach Jerusalem and other hill areas in the centre of the country tomorrow, he said.

But friendlier weather is likely later in the week. The storms are expected to ease up by Thursday. "We're hoping for a nice weekend," the weatherman concluded.

Tight-lipped Australian FM sidesteps media

By GREEK FAY CASHMAN
Jerusalem Post Reporter
Australian Foreign Affairs and Trade Minister Bill Hayden refused to talk to the media when he arrived here yesterday. Hayden, on the final leg of a Middle East tour to Syria, Jordan, Egypt and Israel, made no statements either at the airport, where he was met by Foreign Minister Peres, or on his arrival in Jerusalem.

Asked by *The Post* whether he was carrying a message from the Jordanians, Hayden replied that they could convey their own messages. Questioned further about Prime Minister Hawke's message to Prime Minister Shamir, Hayden made it clear that he would not discuss its contents with anyone other than Shamir, whom he is slated to meet late this afternoon.

Australian television crews who flew in from Europe and requested interviews were denied, as were members of the Israeli press.

Usually obliging in his relations with the media, Hayden reportedly seemed concerned that he will be shadowed by the press when he visits Gaza on Tuesday, prior to his departure from Israel. He does not want his meetings with Palestinians to become media events.

Hayden yesterday met with U.S. Ambassador Thomas Pickering. Today he will meet with Peres, Shamir, President Herzog and Industry and Trade Minister Ariel Sharon. In the evening, he will be the guest of honour at a dinner hosted by Peres.

SPLIT

(Continued from Page One)
rael. Among those attending the meeting with Cluvenius were Gaza lawyer Fayez Abu Rahine, Ramallah doctor Yassir Obeid, Bethlehem Mayor Elias Freij, and the acting president of the Islamic University in Gaza, Muhammad Siam.

Al-Fajr editor Hanna Siniara, who is in Europe trying to persuade the PLO to change its position, is to return today and report on prospects for the meeting with Shultz.

Nabulsi businessman Said Kan'an told *The Jerusalem Post* that though he favoured meeting Shultz, the discussions would not take place because of the PLO's opposition. He said the PLO had made a meeting conditional on the inclusion of Palestinians, nominated by the organization, from outside the territories and on the holding of the meeting in Cairo, Amman or Damascus. The reason for these demands, according to Kan'an, was to counter American attempts to isolate Palestinians in the territories from the leadership abroad. U.S. officials had responded that such meetings were possible, but not during the forthcoming visit by Shultz, he said.

HOME AND FOREIGN NEWS

Soviet reaction to be speeded here before Shultz

By MENACHEM SHALEV and ASHER WALLFISH
Jerusalem Post Correspondents
Israeli officials are expecting a special U.S. envoy to arrive here from Moscow following the conclusion of U.S. Secretary of State George Shultz's talks there tomorrow.

The envoy, whose arrival is tentatively set for tomorrow night or Wednesday morning, will brief local officials on the initial Soviet reaction to the new American peace initiative.

Informal sources said last night that Shultz will apparently sleep over in an Arab capital on Friday and perhaps an additional night as well, although his "headquarters" will be located in Jerusalem. Shultz is scheduled to arrive on Thursday evening and to meet on Friday with President Herzog, Prime Minister Shamir and Foreign Minister Peres.

At the weekly cabinet session yesterday, Shamir fought off several requests to discuss the Shultz proposals and to recommend what stand the secretary's interlocutors

here should adopt towards them. Shamir repeated his intention to bring up the Shultz visit at this week's meeting of the inner cabinet, noting that the national unity coalition had created that body as a closed forum where discretion could be better assured than in the full cabinet.

Shamir and Peres have yet to set up a meeting for the purpose of achieving a consolidated position on the Shultz plan. Officials in both bureaus said last night that such a meeting, even if it ultimately occurs, will simply be "going through the motions." The officials said that the two are not really interested in such a meeting.

The Soviets told visiting British Foreign Secretary Geoffrey Howe in Moscow last week that they are "reserving their position" on the Shultz initiative, but that they continue to support a UN Security Council-sponsored meeting of the foreign ministers of the five permanent members to discuss an international conference as the best avenue for a solution.

The Soviets, however, expressed optimism at the "new perceptions" in the area since the onset of the disturbances in the territories. The Soviets also said that they understood the Syrians had reacted negatively to the new American proposals.

The Prime Minister's Office has put the finishing touches on two proposals that will be presented to Shultz on Friday. The first, which deals with the peace process and includes detailed proposals on the Camp David autonomy process, will recall Israel's positions before the break-off of talks on the matter with Egypt in 1982 and list possible solutions to the issues left outstanding at that time, including control of water and land.

The other proposal deals with a detailed \$1.9b. plan to resettle the refugees in the territories in modern housing, with the refugees participating in the cost of the project. The proposals were originally conceived six years ago by Mordechai Ben Porat, who was then a minister. The Foreign Ministry "steering

committee," headed by political director-general Yossi Beilin, has also presented Peres with scenarios for interim solutions and final settlements with Jordan. The committee has pinpointed disagreements over the "source of authority" for the proposed autonomy as the main stumbling block to the achievement of an interim solution.

Israel Television last night quoted the Romanian ambassador in Italy as telling a senior Italian official that the Soviet Union is contemplating an improvement in relations with Israel, up to the restoration of full diplomatic relations.

At yesterday's cabinet meeting, Shamir said he would be pleased if the Likud and the Alignment could shape a common stand with regard to the American suggestions. "But I am also a realist, and so I shall not be under any illusions on that score," Shamir reportedly said.

Two Alignment ministers, Absorption Minister Ya'acov Tsur and Energy Minister Moshe Shahal, complained that the U.S. secretary would merely be given the views of

two conflicting political parties, rather than the reaction of the government as such.

When Tsur suggested that the cabinet hold a debate to assess any political options that might help solve the impasse, "since history shows that such confrontations can only be resolved by political remedies," Shamir commented crisply: "This is not a history symposium."

Shahal said that he did not see how he could assume responsibility for the government's response to the American proposals when he was not even permitted to express his views about them in the cabinet. He was not demanding a vote, merely a discussion, he stressed.

Ministers-without-Portfolio Yigael Hurvitz and Ezer Weizman echoed the calls of Tsur and Shahal for a debate in the full cabinet, but to no avail.

Finance Minister Moshe Nissim countered that the advocates of a full-dress debate might well be surprised at the outcome, if the full cabinet took up the American initiative.

Shamir says Israel won't be bulldozed by peace initiative

By BERNARD JOSEPHS
Jerusalem Post Reporter
Israel will not be bulldozed into speeding up the peace process despite Washington's push for a Middle East settlement, Prime Minister Shamir said last night.

Addressing European and South American leaders of the United Israel Appeal in Jerusalem, the prime minister said that U.S. Secretary of State George Shultz — due here on Thursday to spearhead American efforts towards Middle East peace talks — would be warmly welcomed. But he went on, "We shall listen to his ideas, we will consider his proposals, but in the end we shall decide what to do on the basis of our national interests."

Shamir said he would explain to Shultz his objections to an international peace conference and he said that "any attempt to force the pace would damage the peace process, as agreed on in the Camp David accords with Egypt and the U.S."

He told the fundraisers that the current violence in the territories and Jerusalem is "an expression of the Arab refusal to accept Israel and to coexist with us," and added: "The rioters cry 'Palestine is Arab,' and openly demand that all of Palestine be theirs."

"We must not misjudge Arab intentions. It would be costly. Those who accuse us of being occupiers and speak to us of morality and human rights must not forget that this place, and Tel Aviv and Galilee, are in the eyes of Arabs occupied territories that belong to the Arabs."

Shamir said that many governments in the area would have used methods that would have stamped out the riots in a few days. But he said, "We can't use such methods; We are a democracy, a Jewish state. We can't use massive force. Our soldiers don't shoot unless their lives are in danger."

The prime minister said the people in the U.S. and Europe saw the disturbances in "very simplistic terms" and compared them with problems in Algeria and in Ireland.

Tehiya issues call to IDF: 'cleanse the mosques'

By DVORAH GETZLER
Post Knesset Reporter
Issuing a call to the IDF to "empty the casbahs of the large towns which serve as the hothouses of revolt" and "cleanse the mosques of those who incite to rebellion," the Tehiya party yesterday promised protest action outside the Prime Minister's Office on Friday morning when Prime Minister Shamir and U.S. Secretary of State George Shultz are scheduled to meet.

Party chairman Yuval Ne'eman, addressing a special meeting of the Tehiya's central committee at the movement's "protest encampment" opposite Shamir's office in Jerusalem, warned that all "members of the nationalist camp must be ready to play their part in the coming struggle" over the future of the territories. (See story, page 4)

Relating to the conclusions of a psychologists' report on the deleterious effects that quelling the rising in the territories is having on IDF

troops, Ne'eman said he preferred to accept a Bar-Ilan University report.

That report, as cited in the afternoon paper *Hadashot* yesterday, said that the traumas of war were less serious than many a civilian trauma "such as, for example, being bitten by a dog."

MK Gula Cohen, addressing her one-time Herut colleagues, said that if December were indeed to mark the start of a process that might end Israeli control of the territories, then even prior to that, in the November elections, the people of Israel would see to it that Herut was condemned to live in everlasting opposition.

Movement spokesman Avi Farhan appealed to all members of the "national camp," saying, "if we don't wake up now, then we shall awake to find ourselves again on the rooftops, as we did at Yamit following the signing of the Camp David accords and the decision to withdraw from Sinai."



Arrests in Za'atra near Bethlehem early yesterday morning.

Military source says nothing unusual in 'Sunday Times' psychologists report

By KENNETH KAPLAN
Post Defence Reporter and Agencies
A senior military source said last night that a secret IDF report, published in *The Sunday Times* of London yesterday was a compilation of reports carried out periodically by psychologists stationed with IDF units.

But a highly placed source in the defence minister's office denied any knowledge of the study.

The military source said last night that the study contained information typical of other reports from

units engaged in stressful activity. The report says that soldiers in the territories have beaten docile prisoners, deliberately broken bones and kicked pedestrians. *The Times* reported...

The newspaper said it had obtained parts of the report, drawn up by army psychologists Dr. Charlie Greenbaum and Dr. Dan Bar-On on the orders of Defence Minister Yitzhak Rabin.

The Sunday Times quoted the report as saying: "Officers or commanders in the field are giving orders to break property, and to break

hands and feet, and to beat people not only during demonstrations as ordered but at all times and not only to subdue."

The report said this was a new situation for the IDF and suggested one major problem was that "valuable orders had been given that were subject to interpretation by junior officers."

"It is amply clear that there is a system of departures from the standard policy and that these are not isolated cases," the paper quoted the report as saying.

'More concern about Peres than Meese'

By WOLF BLITZER
WASHINGTON — State Department officials are reportedly deeply concerned that the disclosure of classified documents crucial to the investigation of Attorney-General Edwin Meese could inflict serious political damage to Foreign Minister Shimon Peres.

The *Los Angeles Times* yesterday said that although State Department officials vary in their assessments of the impact, one source noted: "There's more concern about Peres than Meese in the [U.S.] bureaucracy. Officials are rallying around Peres, not Meese."

The newspaper noted that the U.S. considers Peres the key to a breakthrough in the Middle East. Particularly sensitive, the report continued, is a September 1985 handwritten letter from Peres to Meese on the proposed \$1b. Iraqi oil pipeline, a project that has become a primary focus of U.S. independent counsel James McKay's investigation of Meese.

Peres, through spokesmen, has denied writing the letter, but U.S. government sources told *The Times* that McKay has obtained a copy of the correspondence and believes it to be genuine.

"Concern about the possible effect on Peres has been a key factor in the delay of declassification of the documents, which officials originally had said would take place early last week," the report said.

"While the contents of the letter to Meese could not be learned, some administration officials said disclosure of the document, along with related papers, could significantly undermine the political standing of Peres, who was prime minister of Israel at the time."

But other U.S. sources view the impact as less severe, emphasizing that the letter does not mention any plan to make a payment from pipeline proceeds to the Labour Party or to the Israeli government.

French human rights group shocked by Kinnock 'horde'

By MICHEL ZLOTOWSKI
Jerusalem Post Correspondent
PARIS — "I was shocked by the way (British Labour Party leader) Neil Kinnock behaved in the Gaza Hospital," Daniel Jacoby, chairman of the International Federation for Human Rights, told *The Jerusalem Post* here yesterday.

Jacoby, a French lawyer, was in the territories last week as part of a mission sent by the International Federation for Human Rights (IFHR), which has offices in over 40 countries including Arab states. The other delegation members included Marie-Claire Mendes-France, chairperson of the French Committee for Peace in the Middle East and wife of the late French prime minister, Yves Joffa, chairman of the French League for Human Rights, and Robert Verdier, honorary chairman of the league.

The group met with Foreign Minister Peres, and also talked to Gen.

Amram Mitzna, OC Central Command, and Military Prosecutor Gen. Amnon Strashnow. Through their contact with the Association for Civil Rights in Israel, they met Arye Ya'ari and Walid Sadek of the Centre for Peace in the Middle East, representatives of the Citizens Rights Movement, Bir Zeit University lecturer Sari Nusseibeh and the members of the Gaza Centre for Rights and Law (GCRL).

Jacoby was at the Gaza hospital when "a horde of some people, most of them British reporters and TV crews, surrounded Kinnock. How could he seriously investigate the situation of the wounded Palestinians amid such confusion?"

"We were there conducting our own inquiry, together with one of the hospital doctors and a member of the GCRL. We talked at length with some of the wounded, to try to figure out what had really happened," Jacoby said.

UNREST

(Continued from Page One)
buried at the village, where protests reportedly broke out after the incident.

Troops shot and wounded a youth in the chest at Sifat al-Harithiya south of Nabulus in a confrontation with rioters who hurled rocks and cinderblocks, and set up roadblocks of boulders and burning tyres, military sources said. They said troops opened fire with live ammunition after shooting tear-gas and rubber bullets. The victim was taken to Afula hospital, where he was reported in fair condition.

At the villages of Za'atra, Furidis and Khirbet Taamir near Bethlehem, troops carried out a dawn sweep, arresting 23 youths who military sources said are suspected of harassing traffic from neighbouring Jewish settlements along the road through the village. The attacks included erection of stone roadblocks, stoning and scattering of nails on the road. A curfew was clamped on the village, the youths were taken from their homes, bound, blindfolded and put aboard a bus. Some were forced to paint over nationalist slogans on walls and clear rocks used for roadblocks. A curfew imposed for the duration of the sweep was lifted.

The sweep was the latest in a series of such operations carried by the IDF in several West Bank vil-

lages, in a campaign to arrest activists behind the recent unrest.

The Jelazoun, al-Amari and Tul-karm refugee camps remained under curfew, as well as the town of Kalkiya, which has been under the ban for more than two weeks.

Bradley Burston adds:
OC Southern Command Yitzhak Mordechai is considering suspending indefinitely or rescinding deportation orders pending against four Gaza Strip residents, military sources said last night. According to the sources, no action will be taken for at least another six weeks, to minimize influence on the currently volatile situation in the strip.

The deportation orders were to have been put into effect last month, but a number of extensions have been granted by Mordechai.

In the southern Gaza town of Khan Yunis, IDF soldiers yesterday opened fire on demonstrators beside the City Hall building, after youths threw rocks and metal bars at the troops. After failing to disperse the crowd by firing rubber bullets, tear-gas, and firing into the air, members of the IDF patrol shot at the legs of the demonstrators, wounding at least three youths.

Doctors at Nasr Hospital told *The Jerusalem Post* that among the wounded was 13-year-old Manal al-Aqad, who had sustained a face wound as a result of the shooting.

Dinitz fills WZO posts temporarily

By CHARLES HOFFMAN
Jerusalem Post Reporter
World Zionist Organization chairman Simha Dinitz announced yesterday that he will temporarily assign WZO executive portfolios intended for the Likud, until that party picks its men for the posts.

During a meeting of the executive on Friday, Likud leaders threatened to walk out if Dinitz held a vote on the composition of the new executive. Due to factional squabbling and difficulties in finding acceptable candidates, the Likud has not filled three of the four positions allocated to it on the WZO and Jewish Agency executives.

The positions on the Agency and WZO executives are to be filled as follows: WZO/Agency chairman, Simha Dinitz of Labour; WZO/Agency Aliya Department, Uzi Gordon of Labour; WZO Information Department, Uzi Narkiss of Labour; WZO/Agency Settlement Department, Nissim Zivli of Labour and Matiyahu Drobles of Herut; WZO Department of Development and Community Services, Dov Pudar of Mapam; WZO Department of Torah Education for the Diaspora, Yitzhak Mayer of the Mizrahi; WZO Department of Dor Hamelech, Eliezer Sheffer of the Mizrahi; WZO Youth and Hefutzim Department, Avraham Avihai of the Confederation of United Zionists; chairman of the WZO American Section, Bernice Tannenbaum of the Confederation; WZO Organization Department, Joe Wernik of Mercaz, the Conservative Zionist Movement; WZO Department of Education and Culture in the Diaspora, Haim Skirball of Arzeinu, the Reform Zionist Movement; and WZO Department for Sephardi Communities, Asher Ohayon of the World Sephardi Federation.

The positions of WZO/Agency treasurer, chairman of the Agency Youth Aliya Department and the world chairman of Keren Hayesod are being held for the Likud.

Memorial service for victims of coastal road hijack

"We remember well the 'victory' shouts of our enemies following the awesome tragedy," President Herzog said yesterday, at a memorial service for 35 people who were killed by terrorists 10 years ago on an Egged bus that was hijacked on the coastal highway.

"We have never heard any remorse or condemnation expressed for the act. Only joy and praise for their 'heroes' who murdered women and children and unarmed civilians on their way home from a weekend outing."

He added that our enemies must be made to understand that violence is ineffective, and that Israel's hand is extended in peace. (Itan)

مكازم الناحية

By DAVID RUDGE
Jerusalem Post Reporter
and Agencies

RÖSH HANIKRA - Unifil troops searched a number of villages around Tyre yesterday as operations continued to find kidnapped American UN officer Lt.-Col. William "Rich" Higgins.

UN sources said they believed Higgins was still in South Lebanon, despite Hizbullah claims that he has been spirited to Beirut.

"Until we receive concrete evidence to the contrary we will continue to work on the assumption that Lt.-Col. Higgins is still somewhere in the south," said a source.

Sheikh Abdel Munim Mhanna, a pro-Iranian cleric, said yesterday that Higgins had been smuggled out of South Lebanon.

"There is no doubt the American was taken out of the south right after the kidnapping," he told Reuters news agency.

"If he is very important for America, then his release might be possible after negotiations and achieving the demands by the captors."

The Amal Shi'ite movement's hunt for Higgins triggered a night of fighting with machineguns and rockets between the pro-Syrian militiamen and Iranian-backed Hizbullah militants in a Bekaa Valley village.

Despite Hizbullah claims that he has been spirited to Beirut

Abducted UN officer believed still held in South Lebanon

after the kidnapping," he told Reuters news agency.

"If he is very important for America, then his release might be possible after negotiations and achieving the demands by the captors."

The Amal Shi'ite movement's hunt for Higgins triggered a night of fighting with machineguns and rockets between the pro-Syrian militiamen and Iranian-backed Hizbullah militants in a Bekaa Valley village.

No casualties were reported, but residents said tensions remained high. Mhanna, a senior cleric close to Hizbullah, attacked Amal for raiding Hizbullah hideouts in the south in search of Higgins.

Higgins's kidnappers claimed he worked for the U.S. Central Intelligence Agency. They demanded the withdrawal of all Israeli troops from Lebanon and the release of Lebanese and Palestinians from "Israeli-controlled" jails.

Mhanna denied Hizbullah was behind the abduction. "We did not kidnap the American but we encourage and support all who defend their dignity and sovereignty, even if it takes the form of kidnapping spies and agents who endanger the nation," he said.

Higgins was the third UN official seized in the south this month. Gunmen kidnapped two Scandinavian

Unrwa workers on February 5.

Security sources said a joint patrol of Amal militiamen and Unifil soldiers was preparing to storm the village of Ramadieh southeast of Tyre.

They said this followed a tip that one of Higgins's three kidnappers, sketched from a description by a witness to his abduction, came from Ramadieh.

There has been no further word from the organization calling itself the Oppressed of the Earth following Friday's announcement that it was holding the 43-year-old chief of Unto's observer group in Lebanon.

Meanwhile the Amal Shi'ite organization reiterated that it had arrested several people suspected of complicity in the abduction, but has so far failed to discover the whereabouts of the missing UN officer.

Greek Cypriots vote for new president in unpredictable race

NICOSIA, Cyprus (AP) - Greek Cypriots voted yesterday for a new president, with conservative Glafcos Clerides and Communist-backed millionaire George Vassiliou both committed to reunification talks with the Turkish side on this divided island.

Voting was heavy in the most unpredictable election since independence in 1960, with more than 90 per cent of the 363,000 voters having cast their ballots when polls closed at 6 p.m. Final results were expected early this morning.

Clerides, 68, and Vassiliou, 56, knocked out President Spyros Kyprianou in last Sunday's first round. Kyprianou, 55, had sought a third five-year term on a platform of no negotiations unless 30,000 Turkish troops and 65,000 Turkish mainland settlers withdrew from the Turkish-occupied north.

Rauf Denktaş, president of the Turkish Cypriot breakaway state established in northern Cyprus in 1983, has offered to meet whoever wins in preliminary talks to break a 3-year-old deadlock in UN-sponsored peace talks.

Turkey invaded this eastern Mediterranean island in 1974 following a

short-lived coup by Greek Cypriot extremists favouring union with Greece.

Reunification was the main election issue. Clerides and Vassiliou both said they would hold talks with the other side without preconditions.

Clerides, a veteran negotiator who has held inconclusive talks with Denktaş in the past, promised to form an all-party national unity government to handle peace talks.

Vassiliou also stressed the unity angle, but rejected the coalition proposal as unfeasible. He offered instead to appoint ministers of "wide acceptance" with no party affiliations.

The new president will be sworn in next Sunday.

The race was thrown wide open on Thursday when Kyprianou, the leader of the centrist Democratic Party, Diko, refused to back either front-runner and told the 91,000 people who voted for him, giving him 27.29 of the total in the first round, that they could back anyone they wanted.

Clerides topped the first round with 33.32 per cent of the vote, followed by Vassiliou with 30.11.

Presidential candidates scatter across U.S. in search of support

WASHINGTON (AP) - Presidential candidates fanned out from the Mexican border to the Canadian line over the weekend, some searching for Northern support to revive their campaigns and others concentrating on voters in the South.

"Democrat Jesse Jackson donned a borrowed cowboy hat and greeted a rally in Rapid City, South Dakota, with a 'bowdy' partner." Vice President George Bush, also decked out in cowboy garb, attended the opening of the Houston Livestock Show and Rodeo in the state of Texas.

Jackson drew a subdued reaction from his South Dakota audience of 275 people when he said he supported legislation to return ownership of 1.3 million acres of government land in the nearby Black Hills to the Sioux Indians. Bush, who met Congressman Jack Kemp of New York in a one-on-one debate Friday in Dallas, declined Saturday to criticize his other Republican rivals, Sen. Bob Dole of Kansas and former television evangelist Pat Robertson. Dole and Robertson boycotted the event.

Robertson, who was campaigning along the banks of the Rio Grande in Brownsville, Texas, said he skipped the Dallas debate because the Bush campaign had rigged the event against him. He said that was part of a pattern of political dirty tricks that had been used against his campaign.

"I have been subjected, as has Senator Dole, to all kinds of dirty tricks," Robertson said. He cited a string of incidents, including campaign telephone lines back-

saw in New Hampshire, supporters' hotel reservations cancelled in Michigan, and news conferences being erroneously rescheduled.

Meanwhile, Dole campaigned in South Dakota, where he hopes a primary victory this week will offset his defeat last week in the New Hampshire primary.

Democratic presidential candidate Richard Gephardt was not bypassing South Dakota, but he was taking the long way there. Congressman Gephardt started his day in St. Paul, Minnesota, before heading for Oklahoma and Arkansas on his way to Aberdeen, South Dakota.

And Senator Paul Simon of Illinois, whose Democratic campaign is looking for Minnesota or South Dakota to provide its crucial first victory, began his day in northern Minnesota before heading to Oklahoma.

Tuesday's primary in South Dakota and caucuses in Minnesota have drawn scattered attention from candidates in both parties. But the big prize comes two weeks later, when 20 states - mostly in the South - hold primaries or caucuses in which 1,307 Democratic delegates and 700 Republican delegates are at stake.

That's nearly a third of all the delegates the two parties will send to their national conventions this summer, when the two candidates for November's general election will be chosen.

For Massachusetts Governor Michael Dukakis, the Democratic winner of the New Hampshire primary, a strong showing in either of the two Midwestern states this week would indicate his campaign has support outside his native New England.



World heavyweight boxing champion Mike Tyson wonders "how the devil am I supposed to...?" when he meets the popular 248-kilo Hawaiian-born sumo wrestler Konishiki (left) at a sumo gym yesterday in Tokyo. Tyson is scheduled for a bout with American boxer Tony Tubbs in Tokyo March 21.

Reagan asks Congress to ignore pressures for spending hikes

WASHINGTON (Reuters) - President Reagan urged Congress on Saturday to withstand election-year pressures and approve his \$1.09 trillion budget for 1989, a plan that would implement a two-year pact to cut the Federal deficit.

Reagan, in his weekly radio address, defended the budget he submitted to Congress on Thursday and said it would complete the agreement with Congress to pare nearly \$76 billion from the deficit in two years.

"If Congress upholds its commitments and stands firm against pressures for increased spending - pressures that reach a peak during election years - solid results will be forthcoming," Reagan said. The

presidency, all seats in the House of Representatives and a third of the seats in the Senate will be at stake in November elections.

Congressman William Gray, chairman of the House Budget Committee, said in the Democratic response to Reagan that "the budget that arrived on my desk on Thursday is more realistic than any of the other seven the president has sent to Congress." He said it "appears to meet the... guidelines" reached in the deficit-reduction talks between the White House and Congress.

Under Reagan's proposal, the deficit in the 1989 financial year, which begins next October, would fall to \$130 billion, compared with a 1987 deficit of about \$170 billion.

BRIEFS

FORGET TALES of the great macho Italian male lover - a poll published yesterday said twice as many Italian women are unfaithful as men, many because their lovers are no good in bed. The poll was based on interviews with 20,000 people by the Italian Association for Demographic Studies. It said 66 per cent of married women interviewed said they had committed adultery, 46 per cent of these because their husbands did not satisfy them sexually.

SOUTH AFRICA and the Soviet Union have exchanged exploratory messages that might lead to formal contacts, a South African newspaper said yesterday. South Africa has no diplomatic ties with Moscow. The newspaper described the messages as "initial feelers" that might lead to direct contact on issues affecting southern Africa.

U.S. said dumping waste in Caribbean

HAVANA (Reuters) - Cuba criticized on Saturday the reported intention by large American cities to dump toxic waste in Caribbean countries.

"It is no surprise they [the United States] now want to turn the zone into a garbage dump since they have always considered the area as their backyard," the official *Granma* newspaper said in a front-page editorial.

The international environmental organization Greenpeace said on Friday that some 4,000 tons of gar-

bage dumped on Haiti's shores earlier this month were highly toxic. The garbage came from the city of Philadelphia, Greenpeace said.

"This is the first known case of waste from the United States being dumped in the Caribbean and a dangerous precedent," a Greenpeace spokesman said.

Press reports here quoted UN Environmental Programme director Noel Brown as saying private U.S. firms had offered payments to some Caribbean governments to accept U.S. waste.

'Every third French lover is a bore'

BY MICHEL ZLOTOWSKI
Jerusalem Post Correspondent
PARIS - The French are the biggest consumers of Valium and other sed-

atives, and it is assumed that French males will need a solid drink when they discover the results of a survey published this week by VSD: one French female out of three is bored while making love.

While 60 per cent of the women surveyed said they were never bored, 9 per cent chose not to answer the question at all, probably out of pure altruistic reasons.

The bored lady is in her mid-thirties, is successful career-wise and belongs to the upper middle class.

The survey showed that "only" 15 per cent of the men polled would like to be somewhere else, rather than in their companion's arms during those intimate moments.

Lozcar said he hopes the meeting will lead to specific regional accords on less contentious areas such as tourism, transport, frontier trade, environment protection, combating crime and terrorism "and anything else that could disturb the region and obstruct mutual understanding."

Balkan states to hold landmark talks

BELGRADE (Reuters) - Foreign ministers of six Balkan states met here this week for talks that may lead to unprecedented cooperation in a region historically more prone to explosive conflicts than gentlemen's agreements.

The meeting is the first to assemble ministers from the six states - Albania, Bulgaria, Greece, Romania, Turkey and Yugoslavia - whose overlapping national and ethnic interests have long made them a volatile corner of the continent and the springboard for countless wars including World War I.

The ministers say they have agreed to set aside differences and seek common interests of regional cooperation at the meeting from February 24 to 26, called at the initiative of Yugoslavia.

"We harbour no illusions that it can solve all the problems of Balkan countries," Yugoslav Foreign Minister Budimir Loncar said this month. "But it can set in motion a new

process of strengthening confidence and cooperation in this region."

Despite 40 years of Balkan peace since World War II, deep-seated historical antagonisms between the six have continued. Only six months ago, countries were trading insults with one another over border problems and ethnic minorities.

"The way they have suddenly dropped the most contentious issues and started talking of common interests was very sudden," a senior Western diplomat said. "You imagine such a mix of countries arguing from the very beginning of the meeting over the nationality of the alcohol they use to drink a toast," he said.

But on the face of it, relationships in the Balkans have improved, in some cases dramatically, since former Yugoslav foreign minister Raif Dizdarevic, now vice president, proposed the meeting. "It's partly a spin-off of more relaxed superpower relations and the liberalization and reform process in the Soviet bloc,"

another Western diplomat commented.

The six nations of the region, economically among the most backward in Europe, have said the meeting is in line with trends elsewhere in the world towards regional economic cooperation and integration pacts like the European Community.

"There is a danger that, without more cooperation here, we shall fall further behind and miss the chance of tapping the full economic potential of our area," a Yugoslav diplomat said.

The six states have a total population nearing 120 million and cover an area of 1.54 million sq. km. Four

countries are locked into other regional pacts - Bulgaria and Romania in the Soviet bloc, Greece and Turkey in the Western military alliance Nato, with Greece also in the EC.

Yugoslavia is Communist but non-aligned, while Albania is a neutral hard-line Communist state only recently emerging from a long period of nationalistic self-isolation.

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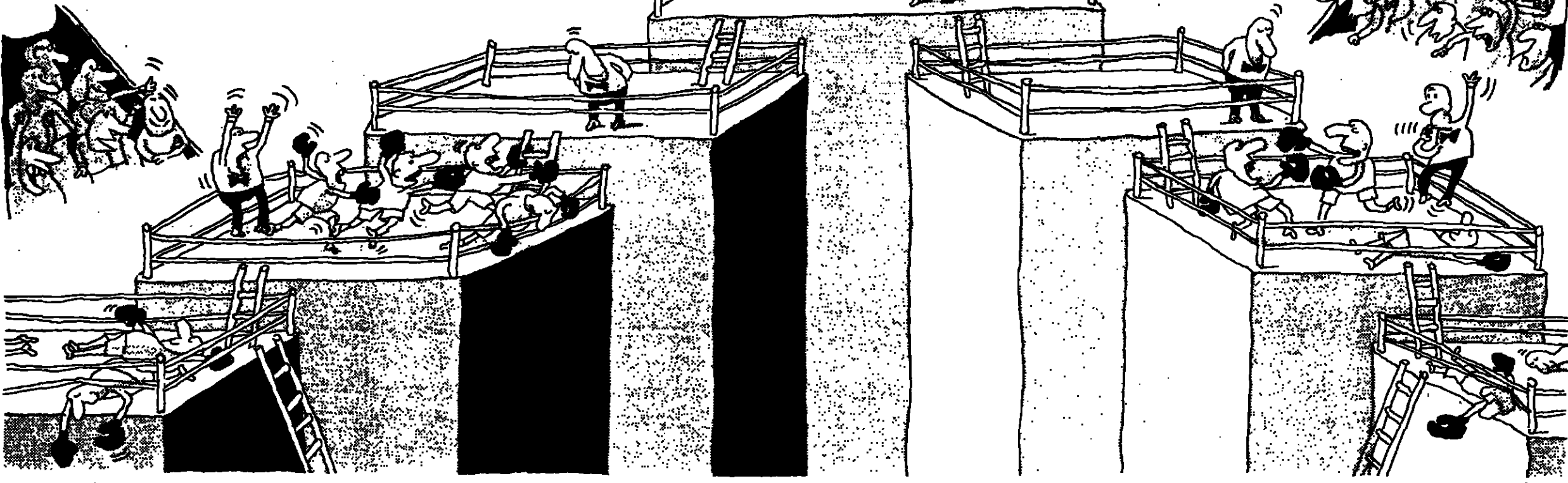
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WEEKLY REVIEW

Early Rounds



Candidates Flail Away, but 'Undecided' Is Still Ahead

By E. J. DIONNE Jr.

WHAT did the voters of New Hampshire and Iowa tell the American people? They said that Bruce Babbitt, Pete du Pont or Alexander M. Haig Jr. will not be the next President of the United States. They declared that the candidacy of Pat Robertson, the former television evangelist, should be taken seriously. They suggested that Representative Richard A. Gephardt of Missouri, who brings free-traders to apoplexy, may be on the verge of building a formidable coalition of the disaffected.

Above all, the voters in Iowa and New Hampshire seemed to be saying that "undecided" is still the real front-runner in the 1988 Presidential campaign.

One of the main jobs of Iowa and New Hampshire is to reduce the size of the field. Among the most interesting casualties this year were Mr. Babbitt and Mr. du Pont. Though both withdrew from the race last week, they emerged with stacks of friendly press clippings and the resulting increase in stature that such notices tend to reflect.

Mr. du Pont's main accomplishment may have been a negative one. The goal of Representative Jack Kemp of New York had been to emerge as an unchallenged tribune of the Republican right. Mr. Robertson's strength with the religious right, which won him second place in Iowa over Vice President Bush's third, had already complicated Mr. Kemp's task. Mr. du Pont's strength with the secular right made it almost impossible.

But Mr. Kemp, who did beat both Mr. du Pont and Mr. Robertson for third place in New Hampshire, is hoping to enhance his credibility for the primaries of March 8, "Super Tuesday," by strong showings this Tuesday in the Minnesota caucuses and in the South Carolina primary on March 5. And New Hampshire did bring Mr. Robertson down to earth.

Not only did he get just 9 percent of the vote

there; he learned that there are costs as well as benefits to being taken more seriously. The former minister raised some serious questions about himself by repeating as fact a conjecture by some conservative defense analysts that there are Soviet nuclear missiles in Cuba. His claims as a religious talk show host — he once said, for example, that he got God to stop a hurricane — could go unchallenged; a Presidential candidate does not have quite so much leeway.

As for Mr. Bush, he was given his solid victory in New Hampshire by conservative Reaganites, which is surprising in light of his history. Senator Bob Dole's backers in New Hampshire — well-to-do, well educated, moderate-to-liberal, according to a New York Times/CBS News poll — looked something like the old John Anderson or Nelson Rockefeller coalitions.

Dole Turns to His Right

Such an alliance would ill-serve Mr. Dole in the South, and he is now seeking to move well to Mr. Bush's right on foreign policy, touting his tougher-than-Reagan approach to the next round of arms negotiations with the Soviets. But after New Hampshire, the Dole camp is clearly off-stride, while the Bush campaign is moving forward with confidence.

Neither man has offered much in the way of an overriding message. Theirs have been narrow, tactical campaigns based more on who they are — Mr. Bush as the true heir to President Reagan, Mr. Dole as a strong leader — than on what they would do. In this sense, they are both the exact opposites of Ronald Reagan, who was able to win his landslide by sounding a certain, resonant trumpet.

So far this year, it is a Democrat, Richard Gephardt, who has enjoyed the most success in doing this. His campaign is, first and foremost, a protest movement against foreign imports and a vaguely defined "establishment." His slogan, "It's your fight, too," has the same feel as George C. Wallace's "Send them a message," though without the racial backlash.

More broadly, Mr. Gephardt is the only candidate

The record so far

Percentage of totals

	Iowa	New Hampshire
DEMOCRATS		
Babbitt*	6%	5%
Dukakis	22	36
Gephardt	31	20
Gore	..	7
Hart	..	4
Jackson	9	8
Simon	27	17
REPUBLICANS		
Bush	19%	38%
Dole	37	29
Du Pont*	7	10
Haig*	..	..
Kemp	11	13
Robertson	25	9

* Haig withdrew four days after the Iowa caucuses; Babbitt and du Pont withdrew two days after the New Hampshire primary.
.. less than 1%

who has capitalized on the increasingly fashionable talk that the United States may be a world power facing the decay of its influence. This sense has been captured in the world of ideas by the work of the historian Paul Kennedy and in the popular mind by fears about Japanese and South Korean efficiency.

For Democrats, the "end of empire" idea has the benefit of redefining the issue of world power in economic terms, which conveniently moves the discussion away from military strength, an issue on which the Republicans have tended to have more credibility.

All this is a potentially grave danger to Senator Albert Gore Jr. of Tennessee, which is one reason he attacked Mr. Gephardt so vigorously in last week's Democratic debate in Dallas.

Mr. Gore, a Southern moderate, had hoped that Mr. Gephardt, a border-state moderate, would be out of the running by now. Instead, Mr. Gephardt not only threatens to take away votes of low-income white Southerners; he also may usurp the issue Mr. Gore had been counting on to rally the South, toughness in defense of American interests.

Indeed, toughness is so in for Democrats that Gov. Michael S. Dukakis of Massachusetts, who, as expected, won in New Hampshire after running a respectable third in Iowa, is taking on some of Mr. Gephardt's rhetoric, trying to reach beyond Northern émigrés in Florida, Georgia and North Carolina and Hispanic-Americans in Texas. With Senator Paul Simon of Illinois likely to be eliminated if he cannot win in Minnesota or South Dakota on Tuesday, that could leave the Rev. Jesse Jackson as the one candidate in the Democratic contest willing to run as an unabashed liberal. Meanwhile, Gary Hart gets few votes, but says he is staying in the race anyway.

Taken together, Iowa and New Hampshire guaranteed that the contest for the Republican nomination will be bitter, and that it will be fought mainly over personalities and questions about the past. To a greater degree than is usual in American politics, however, the future is the ground on which the 1988 contest for the Presidency will be decided. The Democrats have at least been groping with such questions. But in the scramble to survive the next and most daunting phase of the primary process, they are turning to the politics of recrimination. The future will have to wait until after Super Tuesday.

Resolving Regional Conflicts Is High on Shultz's Moscow Agenda

For a Change, the Superpowers Will Venture Beyond Topic A

By DAVID K. SHIPLER

WHEN Secretary of State George P. Shultz arrives in Moscow today for talks, he will be carrying an agenda with an unusually heavy emphasis on regional disputes, most notably Afghanistan, the Iran-Iraq war and the Arab-Israeli conflict. And he is likely to find Soviet leaders sharing his eagerness to accomplish something in these areas. "It coincides with our intention," a Soviet official said last week of the American sense of priorities. "We approach this with the aim of moving forward, not just to compare notes."

This readiness to grapple with Soviet-American competition in third parts of the world is unprecedented in the history of the relationship between the superpowers, and it reflects a sea change that has taken place in the character of the dialogue during Mikhail S. Gorbachev's three years in power. It does not represent a retreat from the contest for influence but possibly a recognition of the dangers inherent in such conflicts.

Since the flowering of détente more than 15 years ago, the efforts to improve Soviet-American relations have focused on nuclear arms control. That issue, which will also be prominent in the two days of Moscow talks, has dominated every summit meeting between Soviet and American leaders and most discussions between Secretaries of State and Soviet Foreign Ministers. It has been so central that it has colored the entire relationship. Progress toward one arms treaty or another has infused the atmosphere with warmth and

optimism; lack of movement has tainted the mood with gloom and tension.

There is nothing inappropriate in this, given the immense role of nuclear weapons in shaping the Soviet-American rivalry. But the United States has often wanted more, hoping to engage the Russians in efforts to reduce the regional tensions that are heightened when the two powers involve themselves in local conflicts. The desire to defuse this competition was born of the Vietnam War, which shaped the American view of the world at the outset of détente, that era of improved Soviet-American ties.

Until the last couple of years, Moscow never shared the American interest in translating a less contentious East-West relationship into a broader reduction in regional maneuvering. In the 1970's, this produced discord between the Soviet and American views of détente, a difference in definitions that frustrated and angered Washington.

And then came Moscow's Vietnam — Afghanistan — which initially spelled the end of détente, but which has now yielded a new Soviet readiness to work warily with the United States to find a reasonable way out of a grinding eight-year war.

The problem seems ripe for solution. Reagan Administration officials found Mr. Gorbachev convincing when he said two weeks ago that Soviet troops could begin a 10-month withdrawal by May 15 if the Geneva accords between Pakistan and Afghanistan are concluded by March 15. Diego Cordovez, the United Nations Under Secretary General who will reconvene the talks March 2, has reportedly told people that the final touches can be put on the accords in just three or four

days, if the parties are willing.

The immediate task for Mr. Shultz and the Soviet Foreign Minister, Eduard A. Shevardnadze, is to flesh out the statement of good intentions with some details. "We welcomed Secretary General Gorbachev's statement," Mr. Shultz said at a news conference, "but there are a lot of elements to the schedule to be worked out."

The United States is not a formal party to the Geneva accords, but it agreed in 1985 to serve as their "guarantor," provided it approved their final provisions. This carried with it an implicit commitment to end military supplies to guerrillas who have made Afghanistan into a quagmire for the Russians. Since the aid is to end at the beginning of a Soviet pullout, the Administration — already under attack from some conservatives for agreeing to such an arrangement — wants the bulk of the Soviet troops out at the earliest stage of the withdrawal. Mr. Shultz will be looking for numbers or percentages in his talks this week in Moscow.

One hitch for the Russians is a recent demand by Pakistan that before a withdrawal agreement is signed, the pro-Soviet Afghan Government of Najibullah be replaced with a coalition government that includes the rebels. The Russians themselves, apparently fearing a violent rebel takeover, had urged a government of "national reconciliation" as a condition of their leaving and were finally persuaded by



The New York Times/Philip Taubman

Soviet soldier peers from armored vehicle in Afghanistan.

Mr. Cordovez to drop that linkage late last year. Pakistan's revival of the demand may mean a delay, since it seems doubtful that an internal settlement can be put together quickly, if at all.

"We don't understand the motives of Paki-

it was the purpose to oust the Soviet Union from every place it could," a Soviet official said. "I cannot answer the question of whether the Administration has accepted the Soviet Union as a force that can be useful in helping resolve regional conflicts."

stan," a Soviet official said, "and we don't have a clear view of the U.S. position on it. It's very important to understand. It's a dramatic shift in their position. We cannot see it in another light than to block a settlement."

The second issue on the regional agenda is the Iran-Iraq war. Here, Soviet concerns focus on the American naval presence in the Persian Gulf and the uneasy relations between the Soviet Union and Iran, a neighbor with a long border and a strategic weight in a vital region.

Soviet-American cooperation last summer produced a Security Council resolution calling for a cease-fire. But the Russians, evidently averse to antagonizing Iran, have hesitated on supporting the Administration's effort to follow up with a second resolution imposing an arms embargo on Iran for failing to accept the cease-fire. Mr. Shultz seems likely to run into continued resistance in Moscow.

Here, as on the issue of the Arab-Israeli conflict, which Mr. Shultz also plans to discuss, the Russians display a sensitivity to what they perceive as an American desire to treat them as a lesser force in world affairs. In what seems as much a question of honor as hard politics, they want equality in the efforts. "Previously,

The World

Isolated President

Austrians Debating the High Cost Of Waldheim

By SERGE SCHMEMANN

VIENNA
THERE is an Austrian saying that seemed to sum up the mood here as the bitter dispute over Kurt Waldheim increasingly battered and divided his small nation: "Better a horrible end than horror without end."

It was a sense that right or wrong, guilty or innocent, it was time to stop the recriminations. While new charges, accusations, documents and denunciations continued to dribble in from New York, Washington, London and elsewhere, the specific questions of what President Waldheim knew and what he did or didn't do while he was in the German army in World War II seemed no longer the issue here.

The issue was how long Austria could continue under the pressure — how bad the damage, how deep the rift? Would the issue make it more difficult for Austria to gain membership in the European Community? Until the Waldheim crisis, this nation of seven million had lived comfortably among its beautiful mountains and grand remnants of empire, blithely accepting the myth of its innocence.

Mr. Waldheim brought all that to an end. By his refusal to show any remorse or regret over his wartime behavior or his lifelong efforts to conceal it, he brought its dark past crashing down on Austria, unleashing xenophobia and anti-Semitism and dividing the nation, left against right, intelligentsia against hoi polloi, city against country.

The report of a commission of historians impeached by the Government to look into Mr. Waldheim's past served only to harden the divisions. Mr. Waldheim and



Austrian President Kurt Waldheim telling his nation in a televised address last week that he will not step down.

his supporters insisted he had been shown "not guilty" of war crimes, and they dismissed the commission's severe moral indictment. His critics contended that he had been shown an accomplice and a liar. The Socialist Chancellor, Franz Vranitzky, hinted he might have to resign, while the conservative Vice Chancellor, Alois Mock, refused to relax his staunch support for a man he had guided into the presidency.

Vienna seemed seized by the fight. Mr. Waldheim's narrow eyes stared from magazine covers and newspapers. The embattled President went on television to vow he would not step down and to lambaste his detractors in terms reminiscent of Richard Nixon at the peak of Watergate. His accusers, Mr. Waldheim bitterly declared, "stopped at nothing — manipulations, lies and forgeries were used against me."

Industrialists Disturbed

The dispute reached an impasse. But anxiety and fatigue were rising. Defectors began to leave Mr. Waldheim's camp — not so much because they suddenly concluded that he was not fit to be the symbol of their country, but because they had come to believe that the damage to Austria was becoming too great. As Mr. Vranitzky pointed out, only two heads of government had visited Austria last year — those of the Soviet Union and Liech-

tenstein. Mr. Waldheim was not even being invited to cut ribbons at the openings of new banks. "The country is really divided and getting more so," said Thomas Chorrherr, executive editor of *Presse*, the conservative daily. "It reminds me of 1934, and I start to get a little afraid. I think we will not make it through four more years with Waldheim. A lot of people are beginning to say, 'Let's get it over with.'"

One of the more urgent new voices urging Mr. Waldheim to leave was that of Herbert Krejci, head of the Federation of Austrian Industrialists, a grouping of most privately owned industries. It was time, Mr. Krejci declared, to understand that the fate of the country was more important than the fate of one man, however high his position. A small country that depended on trade and was trying to get into the European Community, he said, could not be oblivious of world opinion.

"I do not belong to that part of Austria which says we don't give a damn about what some Americans on the East Coast are saying," Mr. Krejci said, parodying one of the more common allusions to American Jews. "I want only to calm the atmosphere. The internal rift in the Austrian people is growing. The divisions have taken on religious dimensions, they're nearing hysteria. The country cannot stand such an atmosphere." The fears expressed by Mr. Krejci and Mr. Chorrherr were being heard with increasing frequency. The international opprobrium that had been focused at the outset on Mr. Waldheim was extending more and more to all of Austria, and what they feared was that the longer the crisis persisted, the more indelible would be the image of a land of unrepentant collaborators and anti-Semites.

Concerns were even heard in the army. Socialist officers and employees of the Austrian army issued a statement saying that they were "deeply concerned" by the fact that "the international and national prestige of Austria has been damaged by recent developments around the person of the federal president."

"We are all concerned about Austria's image abroad," said a spokesman for the Federal Economic Chamber, Hubert Feichtlbauer. "There's a certain provincialism in certain parts of the population, a lot of very vociferous anti-Semitism. I only hope that this soul-searching we're going through will ultimately contribute to our image abroad."

So far it apparently has not. On the day after Mr. Waldheim addressed the nation, Austrian television reported that reactions from around the world were almost all negative, and some were damning. The headline to a commentary in *The Times* of London, for example, was "Land of Shame." In the early days of the Waldheim affair, that would have provoked a barrage of indignant editorials saying Austria's honor had been smeared and declaring that the country would not bow to "outside forces."

There were a few of those this time, too. But the conservative *Oberösterreichische Nachrichten*, for one, had a new line: "Kurt Waldheim is a burden for the country regardless whether the charges against him are true or not, and he should draw the consequences."

Mr. Waldheim, however, remained unmoved, and despite the swelling rumbles within his conservative People's Party, Mr. Mock insisted that if the President chose to remain in office, "the democrat has to respect the decision whether he likes or dislikes it."

Estimates Rising

What Price U.S. Patrols In the Gulf?

By RICHARD HALLORAN

WASHINGTON
AMID conflicting calculations by officials over the cost of United States military operations in the Persian Gulf, it is clear that costs have risen and that little relief is in sight, despite the decision last week to reduce the naval force there slightly.

Only a basic policy change would end the American presence in the gulf, and neither President Reagan nor any Presidential candidate has espoused that.

Many military officers and political officials maintain that even if Soviet forces were withdrawn from Afghanistan, this would not lead to an American revision of the commitment to retain Western access to gulf oil.

Nor would peace between Iran and Iraq, now in their eighth year of war, do much to change the deployment of American warships; the United States would continue to patrol the vast region including the Arabian Sea and Indian Ocean.

Last week, 18 ships were on patrol inside the gulf and eight, including the aircraft carrier *Enterprise*, were steaming just outside. In the Indian Ocean were 16 more ships, including the carrier *Midway* and her escorts heading for the Pacific.

But there is an apparent contradiction in American policy. On the one hand, it calls for continued spending of large sums for operations in the gulf. On the other, the President and Congress have agreed to hold down military spending, which is reflected in the defense budget the White House submitted last week to Congress.

The present commitment to the Persian Gulf began after the Soviet Union sent troops into Afghanistan in 1979; President Carter proclaimed that a Soviet attempt to control the gulf "will be repelled by any means necessary, including military force." Two years later, the Reagan Administration expanded the commitment when the Pentagon's strategic plan, in a directive called *Defense Guidance*, outlined a "disproportionately larger investment" in forces for gulf operations.

"The Soviet Union must be confronted with the prospect of a major conflict should it seek to reach the oil resources of the gulf," the plan said. "We would be prepared to introduce American forces directly into the region should it appear that the security of access to the Persian Gulf is threatened."

The former Secretary of the Navy, John Lehman, has estimated the total cost of the gulf commitment — forces, training, operations, bases, support — to be 20 percent of the military budget, or about \$40 billion a year.

In contrast, the Defense Department has said that naval operations in the gulf in 1988 will cost the taxpayers only \$175 million more than would be spent if the ships were somewhere else and not operating at such a high tempo. In between are varying calculations.

William Kaufman, an economist at the Massachusetts Institute of Technology who specializes in defense budgets, has estimated that 6.6 percent of annual American military spending goes to protecting United States interests in the gulf. Applied to the 1988 budget, that would come to \$19.2 billion.

The Center for Defense Information, a research organization critical of defense spending, estimated naval operations at \$1.4 billion a year. Brian McCartan, an analyst at the center, figured that it cost \$2.50 to bring \$1 worth of oil out of the gulf.

Senators Ted Stevens of Alaska, Alfonse M. D'Amato of New York and Warren B. Rudman of New Hampshire, all Republicans, toured the region in January and cited \$450 million in direct naval costs for this fiscal year.

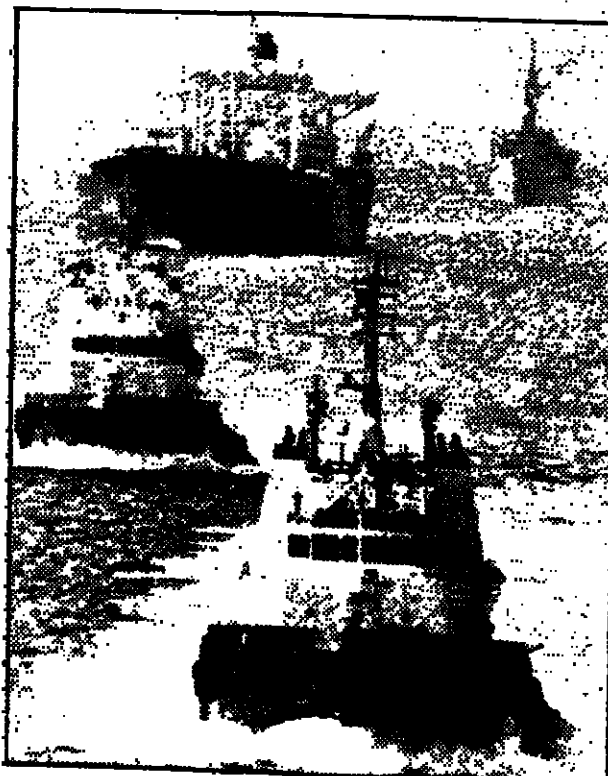
The General Accounting Office said costs would be increased because of "sand in the air." Sailors who have served there said machinery needs three times as many spare parts because the blowing sand wears them out faster than in other places. In the warm, shallow waters of the gulf, moreover, pumps must be run faster than normal to cool computers and living spaces.

Iraqi Missiles Feared

Another hidden cost has been operations elsewhere that have been reduced to make ships — or funds — available for gulf operations. "We're coping with this now," said one officer. "But the leadership around here is worried about the future. We're pushing those guys out there pretty hard."

The heat takes a toll and a lack of port calls means little time off during a six-month tour. The Iran-Iraq war adds to the tension. Last May, an Iraqi pilot killed 37 American sailors when he hit the frigate *Stark* with a French-built Exocet missile. Another such incident during the Presidential and Congressional campaigns could be damaging to Republican candidates.

That possibility came vividly to mind last weekend when an Iraqi bomber fired a cruise missile that flew near the American destroyer *Chandler* before veering away to explode in the distance. The Pentagon said it would send officers to Baghdad in an effort to teach Iraqi pilots to tell the difference between American warships and other vessels.



A convoy of American warships leading a registered Kuwaiti tanker through the Persian Gulf.

As Protests Continue, Israelis Plan for the Long Haul



Panic erupts on a street in the West Bank city of Nablus after a Palestinian youth was shot by Israeli soldiers this month.

West Bank Enmity Takes On The Marks of Permanence

By JOHN KIFNER

JERUSALEM
THE Department of Public Works announced plans the other day for some new roads on the occupied West Bank.

Normally that would not be of major interest. But the new highway plans illustrate, after 20 years of occupation and the past 10 weeks of protests and violence, just how permanent — indeed, institutionalized — the impasse over the Israeli-Palestinian issue has become.

The reason for building the new roads is that they will snake around Arab villages and Palestinian refugee camps so that Jewish settlers will have paths to the main highways free of rock throwers. One road in the north would bypass the Arab town of Kalkilya. The army has asked the highway engineers to hurry the projects, but the second road in the south must take such a tortuous route through the hills that it could take years to complete. The road is to enable settlers from Kiryat Arba, Efrat and other settlements to avoid the Dahaiha refugee camp — where residents are now caged in by a 20-foot fence lit all night to discourage rock throwing.

Still, the prospects for getting the road built seemed more certain than anything likely to emerge from the arrival of Secretary of State George P. Shultz this week with another set of American peace proposals. The Jerusalem Post reported that Mr. Shultz told a meeting of 25

Senators in Washington that he intended to delegate many of his other responsibilities to devote much of his waning time in office to a Middle East peace effort. "Nothing can separate the U.S. from Israel, and when Arabs — as well as the rest of the world — are convinced of this, peace negotiations between Israel and the Arabs will become a fact," he was reported to have told the meeting. But in the Middle East, the American plan was widely viewed as unacceptable and given little chance to succeed.

The squabbling between Prime Minister Yitzhak Shamir and Foreign Minister Shimon Peres, in the divided "national unity" Government, also increased, as Mr. Shamir backed away from any endorsement of a formula providing for a return of land for peace. Both King Hussein of Jordan and President Hosni Mubarak of Egypt last week rejected any negotiations based on the Camp David formulas, which call in part for an interim period of limited autonomy for the Palestinians. The putative beneficiaries — the Palestinians — appeared openly hostile to such formulas.

Standoff in the Streets

"The Palestinian people in revolt reject the Israeli-American conspiracy which some Arab elements are trying to help pass," said a leaflet from the underground national leadership. "They are trying to force it on our people in a hopeless attempt to abort the uprising."

On the streets the standoff continued, with the army using what the Deputy Chief of Staff, Maj. Gen. Ehud Barak, called tactics of "trial and error" in suppressing what Palestinians call "The Uprising." Thus far, the tactics have included mass arrests, sealing off refugee camps and Arab towns under curfews, and beating Palestinians. The Government is also using administrative measures, such as forcing striking Palestinian businessmen to pay more taxes — in Middle East fashion, taxes have been bargained over as in a bazaar. The army is going from village to village in raids to pick up suspected ringleaders, and some 2,000 more policemen were dispatched to Jerusalem over the weekend to strengthen the Government presence in Arab quarters.

"I don't see an end to it, I see only more violence," said Meron Benvenisti, the Israeli demographer who has often criticized Government policy in the occupied territories. He has now taken to describing the conflict as a "tribal war, the descendants of Isaac and Ishmael" battling over land with stones and clubs. "There is no solution," he said. "The definition of tragedy is that the actors themselves are compelled by fate. That, alas, is the situation."

A brigade commander in the territories said, "I feel that all soldiers think this is a struggle, the roots of which is a struggle between two national entities over this country."

General Barak, using the Palestinians' own words, said the unrest was "a widespread violent uprising led by a nucleus of activists which has attracted the support of the masses." It was rooted in the "frustrations, personal, political and economic of the past 20 years," he said, and even if put down "would simmer under the surface and erupt from time to time."

The army has ordered 10,000 new riot clubs and distributed an Arabic language booklet to the troops with such handy phrases as "hands up" and "Liar — go stand against the wall."

هكزامن التكميل

Narcotics And Foreign Policy

مكثان النجمل

Diplomats Do Not Hurry to Enlist in the War on Drugs

By ELAINE SCIOLO

WHEN President Reagan signed the Anti-Drug Abuse Act of 1986, he vowed to wage "a national crusade against drugs, a sustained relentless effort to rid America of this scourge." Two years later, the supply of drugs on American streets is larger than ever, the enforcement effort suffers from lack of money, and officials in at least a dozen Government agencies are divided on how best to stop the flow of narcotics into the country.

Part of the reason for the lack of concerted action is that drug trafficking has in recent years been treated more as a domestic scourge than as a foreign policy concern. In fact, for many officials, the drug issue is little more than an irritant that gets in the way of diplomacy.

In a meeting last weekend, for example, President Reagan and President Miguel de la Madrid of Mexico congratulated each other on the vast improvement in bilateral relations and glossed over the fact that Mexico, considered the largest exporter of heroin and marijuana to the United States, has larger marijuana and opium crops this year than last year.

Senate hearings on Panama earlier this month underscored the extent to which the war on drugs often clashes with American national security and foreign policy interests. Witnesses described how Panama's military leader, Gen. Manuel Antonio Noriega, transformed his country into a giant drug-trafficking and money-laundering enterprise at the same time he was cooperating with the Central Intelligence Agency and the Drug Enforcement Administration.

The convicted drug traffickers who spoke at the hearing described themselves with bravado, saying that they were better armed and manned than the law-enforcement authorities who are fighting them. They substantiated reports that drug profits have financed terrorist groups and corrupted Latin American army officers.

And they acknowledged that some of the same official channels set up for the anti-Nicaraguan rebels were used to funnel drug profits to help the contras' cause. "Stopping drug trafficking into the United States has been a secondary U.S. foreign policy objective," said Senator John Kerry, the Massachusetts Democrat who was chairman of the hearings. "It has been sacrificed repeatedly for other policy goals."

The drug traffickers have become so rich and powerful that they can co-opt an entire country's institutions. Colombia's Medellín drug cartel has offered to pay off the country's \$10 billion foreign debt if the Government cancels its extradition treaty with the United States. And members of Colombia's drug rings have financed political parties or run for office on their own slates.

The Administration officials who must grapple with the drug problem are quick to point the finger of blame elsewhere. The Drug Enforcement Administration vigorously defended itself against accusations that it overlooked General Noriega's involvement in

drug trafficking because he was cooperating with a number of their investigations. The United States Customs Service complains that its agents lack the resources to fight the battle at the borders and accuses the State Department of going easy on the offending countries. And the C.I.A. is reluctant to give up helpful informants, such as General Noriega, simply because they may be corrupt.

The State Department's Bureau of International Narcotics Matters, meanwhile, has little influence even within the department. Foreign Service officers readily admit that they try to avoid drug-enforcement assignments because they generally do not result in promotions; in some embassies, drug issues are handled by the economic officers.

Largely because of the problems with Panama and Mexico, some members of Congress are certain to challenge this year's State Department report on drugs, scheduled to be released March 1. Relying on the department's recommendations, President Reagan is required to "certify" to Congress whether

countries have made adequate progress in attacking drug production and trafficking. The nations that are judged to have failed lose aid, trade preferences, loans and other advantages.

A Law With Loopholes

The problem with the certification process, which began under a law enacted in 1986, is that it has so many loopholes. This year, a State Department draft report concludes that while both Panama and Mexico have not done enough to cooperate in the war against drugs, they should be certified anyway because of "national interests."

Angry legislators who tried unsuccessfully to force the decertification of Mexico, Panama and the Bahamas last year have vowed to renew their fight. "We're going to have a battle, but we have to serve clear notice that the most significant challenge to our national security is the international drug menace," said Senator Alfonse M. D'Amato, Republican of New York.

In some cases, the Administration fears that if it ex-

Some Trouble Spots

Hearings this month in Congress have drawn attention to Panama's vast links to international narcotics trafficking. And Colombia's drug barons have recently stepped up a campaign of violence and bribery. Here are some other trouble spots:

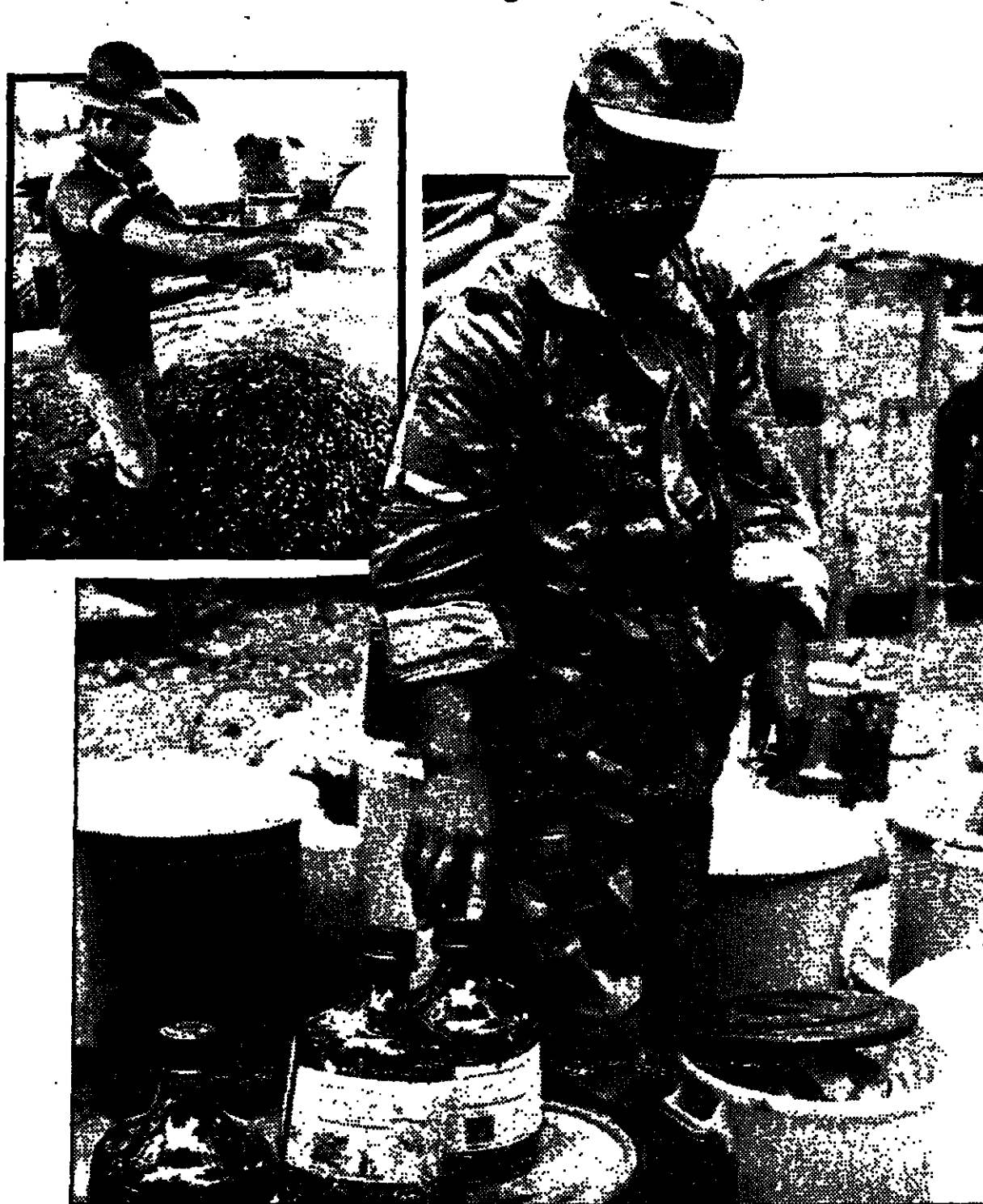
Mexico: "Mexico is the primary single country supplier of heroin and marijuana to the United States," according to a State Department report in 1987. "Moreover, about one-third of the cocaine consumed in the United States in 1986 transited Mexico." Traffickers have apparently corrupted some state governments.

Bolivia: Cocaine brings an estimated \$600 million a year to Bolivia, compared with \$500 for all legal exports combined. Last fall, American officials said Bolivia would lose some aid because it failed to substantially reduce its coca leaf crop, the world's second largest.

The Bahamas: "Continues to be a major transit country for cocaine and marijuana shipments to the United States," the 1987 report said. Two years ago, a commission appointed by Bahamian Prime Minister Lynden O. Pindling found drug corruption in his Cabinet, but cleared him of wrongdoing.

Pakistan: One of the world's largest producers of opium. Drug barons have well-armed private armies.

Peru: "The world's largest cultivator of coca leaf," the 1987 report said. More than 30 percent of the global supply is grown in the upper Huallago River valley, where United States-supported eradication efforts have been concentrated for several years.



Sygnia/Carlos Carrion (Bolivia); Gamma-Liaison/Malcolm Linton (Colombia)

Bolivian soldier inspecting a cocaine laboratory uncovered during a raid near the Peruvian border; Colombian peasant making cocaine base in a jungle hut (inset).

Unruffled Stroessner Wins His Eighth Term

How Paraguay's General Still Keeps the World at Bay



Gen. Alfredo Stroessner, who won his eighth successive presidential term, is saluted by officers.

By ALAN RIDING

THE official version was that, in a moving display of loyalty and enthusiasm, Paraguayans turned out en masse last Sunday to approve Gen. Alfredo Stroessner's eighth successive presidential term. No less predictably, opposition leaders, the Roman Catholic Church and foreign diplomats said the elections were too fraudulent to be taken seriously.

Yet the real question was not whether General Stroessner would win or whether massive fraud would be needed to inflate his popularity, because both were routine features of the previous seven elections. Rather, it was whether the aging dictator would once again carry it

off without serious challenge or even moments of embarrassment. And the answer was that he did.

It was a measure of General Stroessner's self-confidence that he seemed unruffled by what diplomats described as the most agitated election campaign in recent decades. The police were needed to break up numerous demonstrations by an opposition-backed Committee for Free Elections that was calling for "active abstentionism," while from the pulpits bishops and priests questioned the legitimacy of the vote.

Yet, by all accounts, the only nod to the growing mood of discontent was that bigger electoral fraud than usual was necessary. Well before polls closed at 4 P.M., high abstentionism and a large number of blank votes required officials of the ruling Colorado Party to start stuffing ballot boxes in order to show a 92.6 percent turn-

out and 88.6 percent support for General Stroessner.

The message was clear. At the age of 75 and after almost 34 years in power, the burly General of Bavarian descent was not about to repeat the mistake of some other dictators of allowing foreign pressure to convert elections into a genuine test of Government popularity or a catalyst for domestic unrest.

"He knows that, no matter how bad his image is abroad, he won't fall so long as his domestic power base is solid," said Francisco Jose de Vargas, a lawyer and Government critic.

Confident of the efficiency of the Colorado Party's political machine and the loyalty of the armed forces, both of them tied to the Government by the perquisites of institutionalized corruption, General Stroessner has felt free to seal off this landlocked country of four million inhabitants from the democratic winds that have blown through Latin America in recent years.

Several things work in his favor. Unlike Chile, which is currently the only other dictatorship in South America, Paraguay has no tradition of democracy, with no record in its history of power passing peacefully from a government to opposition. Further, while at least five small opposition parties or factions exist, their efforts to present themselves as an alternative have been badly bruised by years of internal feuding.

The Stroessner Government is also distinguished by its political structure. Although power revolves around the General, he has used the Colorado Party to provide himself with an instrument of control at all levels of society. Only members of the party, for example, can join the armed forces or find jobs in the Government bureaucracy, while party loyalists and senior military officers monopolize the lucrative contraband business that accounts for almost half of Paraguay's foreign trade.

Many Paraguayans are even willing to recognize that, albeit at the expense of political freedom, General Stroessner has transformed this country from an unstable, impoverished rural backwater into a more modern society with social indicators no worse than those of most other South American nations.

Construction of the huge Itaipu dam on the border with Brazil in the 1970's injected billions of dollars into the Paraguayan economy — and not all of it vanished into the pockets of officials.

But perhaps most crucial at a time of change in Latin America, the Stroessner Government has been able to ignore United States pressure

to move toward democracy, thanks to the continuing support of Brazil. Paraguay's northern neighbor is easily this country's most important economic, political and military partner.

Although Brazil itself moved from military to civilian rule in 1985, its official policy of noninterference in Paraguay's internal affairs is viewed by opposition circles here as an endorsement of the status quo.

The United States, in contrast, provides no military aid and only minimal economic assistance, and therefore has little means of exercising influence over the Government. When United States Ambassador Clyde Taylor has criticized human rights abuses or the closure of an independent newspaper and radio station, he has been attacked and even threatened with expulsion by pro-Stroessner newspapers.

Yet change is in the air, stirred less by the opposition than by longtime supporters of General Stroessner who are maneuvering for position to grab power at the moment of the dictator's death. Two small factions of the Colorado Party are already in open opposition to the Government, while even the main body of the party split last year, with "militants" ousting "traditionalists" from all key party posts.

The verbal violence convulsing the official party reflects how much is at stake. The armed forces, while watching the civilian power struggle in silence, are no less eager to preserve their enormous privileges. But like many dictators before him, General Stroessner has not yet contemplated mortality by preparing a successor. In a country where the present never seems to change, a potentially dangerous power vacuum may unsettle its future.

Verbatim: Socialist Free Will

"Everyone deserves the opportunity to make an independent assessment of reality — and make a critical evaluation as well. In this situation the ideals and values of socialism can be established not by implantation but by the free will of an individual mind."

Yegor K. Ligachev

the No. 2 leader of the Soviet Communist Party, in a speech critical of the uniformity of the Soviet education system.

The Nation

The Deficit Battle

If Tax Rises Are Coming, Which Ones Will They Be?

By ROBERT D. HERSHEY Jr.

WASHINGTON — ALTHOUGH the budget President Reagan submitted last week formally projects that the Federal deficit will fall in each of the next five years, reaching a relatively negligible \$23 billion in 1993, politicians and economists generally agree that the chances of this happening are practically zero.

Indeed, the Government's red-ink total, after dropping sharply in 1987, is already heading up again. The nonpartisan Congressional Budget Office warns that the deficit for the next fiscal year will be \$176 billion, more than \$46 billion higher than the Administration's figure.

But after years of dithering and then of efforts to evade deficit targets, a consensus is rapidly building that drastic action will be required after the next President, whoever he may be, takes office. And while the Presidential candidates are denying it or soft-pedaling it, many analysts see no real solution without new or higher taxes.

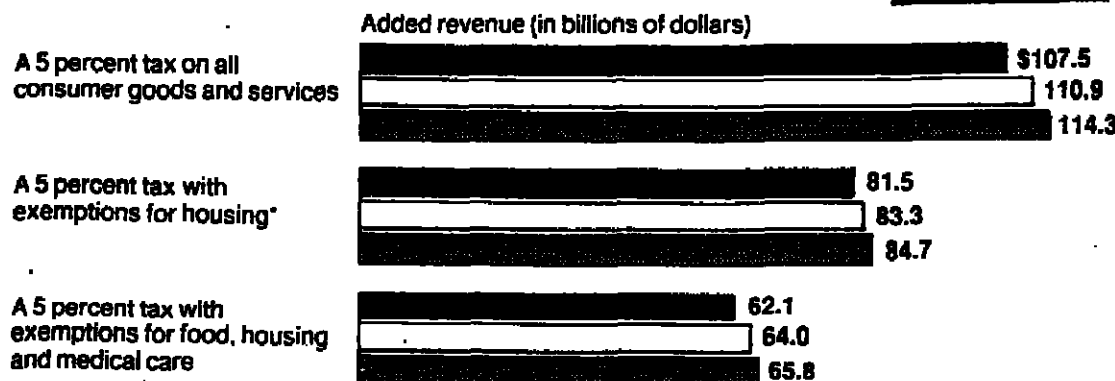
The National Economic Commission, which Congress created late last year, is increasingly being viewed not as just another study group but as a likely bipartisan vehicle for serious deficit reductions, along the lines of the special Social Security commission of the early Reagan years. Because the economic panel has six members of each party, plus two more to be named by the successful Presidential contender in the fall, it could provide what one member calls "the political cover for the new President" to do what's necessary.

Everything is to be put on the table, including both military and entitlement-program spending cuts and, on the other side of the ledger, an increase in taxes. Nonetheless, the White House and other conservative Republicans believe it most likely that the panel's recommendations will center on higher tax levies. Partly for that reason, the Republicans dragged their feet before finally naming their full complement of members on Friday. The Democrats picked theirs more than a month ago.

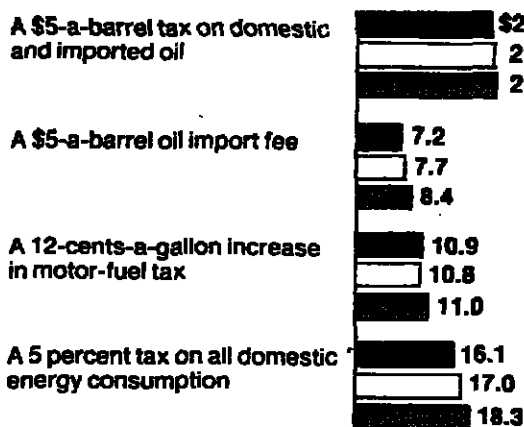
If the panel, which must publish its report by March 1, 1989, does propose higher taxes, what form will they take? Nobody, of course, can know with any certainty. A recession, for example, might rule out any tax increase of significance. But political soundings on Capitol Hill and elsewhere do provide some help in handicapping the main options — raising income tax rates, closing more

More revenue could be raised by...

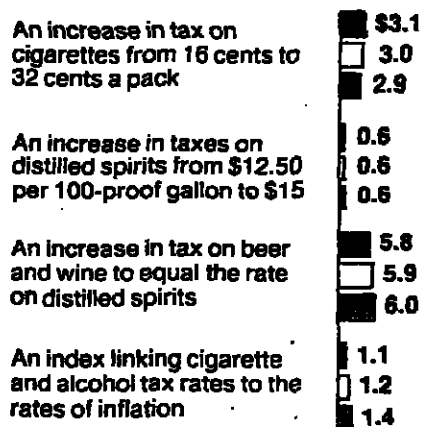
... Imposing a value-added tax ...



... Increasing energy taxes ...



... or increasing excise taxes



Source: Congressional Budget Office estimates, January 1987

so-called loopholes, imposing a national sales tax, adopting a new levy on imported oil or gasoline, or raising the "sin" levies on tobacco and alcoholic beverages.

Raising the rates on income taxes seems unlikely, if only because so much effort went into the rate cuts that took full effect only this year. "The simplest and easiest way is income tax rates," said an aide to a one Eastern Senator, a Democrat active in fiscal matters. "But everybody's pledged against it."

This includes Senator Bob Dole of Kansas and Vice President Bush, who have been squabbling over which of them has refused to rule out other types of tax increases. The only clearly identified tax-raiser in the Presidential field was Bruce Babbitt, and he pulled out Thursday.

Consumption Tax Unlikely

Even less likely, analysts say, is any form of national sales levy. Charles Walker, a prominent business lobbyist, is an enthusiastic advocate of a broad-based consumption tax, arguing that it would encourage investment and saving; many countries, especially in Western Europe, have found such levies extremely effective revenue producers. But American liberals complain that they are regressive — hitting the poor proportionately harder than the well-to-do. Conservatives also express fears that a consumption tax, once in place, can be easily raised; it thus represents a handy cash cow for big spenders.

Others argue against anything so bold on the ground that taxpayers crave stability after witnessing 19 major tax bills in the last 23 years. The Internal Revenue Service chief, Lawrence Gibbs, said recently, "Diminishing

the quantity and velocity of change in our tax law would be the greatest improvement we could make."

Energy taxes, on the other hand, seem quite possible. The political alignments on this would be more by region than by party; the Northeast, where much oil is used for heating, opposes an oil import fee, while the oil-producing states support it because it raises the price of all oil. Similarly, a per-gallon tax on gasoline would be unpopular in the West, where driving distances are great. Some are coming to suspect, however, that a compromise might be fashioned from these competing regional interests, since the United States has a smaller tax on fuels than most nations and the money raised could be substantial. Each penny tax on gasoline, for example, raises about \$1 billion.

Sin taxes seem a perennial opportunity and a rise in the cigarette levy seems increasingly hard to oppose in a health-conscious society, analysts say. Unfortunately, the benefit to the Treasury would be quite modest.

More loophole closing, on the other hand, would be a good bet. Credit unions, for example, could be taxed for the first time. Single-premium life insurance could again become a target. And beer and wine levies haven't been increased since 1951.

Meanwhile, some influential players, including the United States Chamber of Commerce, are highly skeptical about the National Economic Commission, which they see as consisting mainly of people sympathetic to higher taxes. When the Chamber president, Richard Leshner, was asked last week whether the Social Security commission solved that problem, he said: "It did — if you like tax increases."

The Virgin Islands

U.S. 'Colony' Is Feeling A Breeze Of Change

By JON NORDHEIMER

CHARLOTTE AMALIE, V.I.

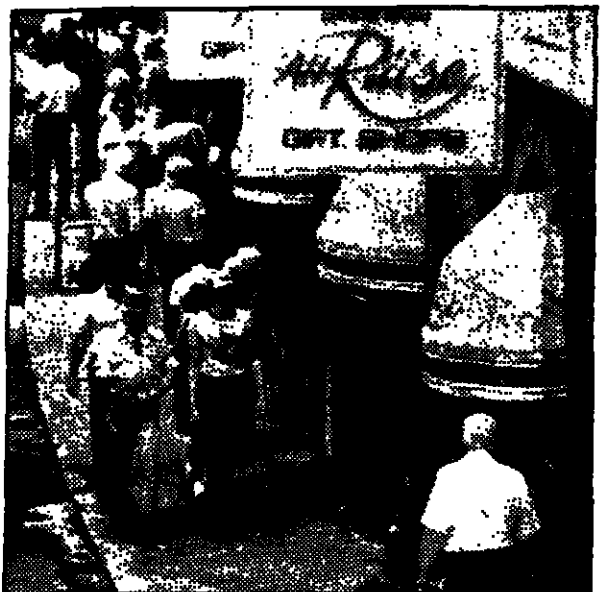
OF all America's possessions, none has appeared more content with the relationship, at least in recent years, than the Virgin Islands. But there are signs of change.

Elsewhere, there has already been a surge toward self-determination. Guam, site of a key American military installation in the Pacific, last week gave Congress a proposal for commonwealth status, under which it would govern itself, except for foreign affairs. The Northern Marianas became a full commonwealth in 1986, and the Marshalls and the Federated States of Micronesia won even more independence by negotiating compacts of free association under which they make their own foreign policies though retaining American military protection. Puerto Rico has been a commonwealth since 1952, but has kept debating its status, sometimes violently.

The greatest recent turmoil involved the Republic of Palau, in Micronesia, whose residents voted in August to accept a compact of free association and to end their Constitutional prohibition of nuclear weapons, as the Pentagon insisted. But Congress has held up approval of the compact, pending inquiry into allegations that the vote was tainted by intimidation and by the enticing prospect of at least \$500 million in American aid over the next 50 years.

All these debates have centered on how to win more independence while perforce recognizing the United States' strategic interests and retaining the material benefits that flow from Washington. The result, overall, has been an easing of control; in the few possessions still under Interior Department administration, only one official, the highest judge in American Samoa, is appointed by Washington.

In the Virgin Islands, an unincorporated territory, the debate is just stirring to life again. Earlier this



Black Star/ Bob Krist

Tourists in Charlotte Amalie on St. Thomas.

month, the Legislature got a bill that calls for a November referendum on whether the islands should seek independence, statehood, a compact of free association or higher status as an incorporated territory or commonwealth. Even if the Legislature approves it, there is only a slight chance that the islands' 110,000 residents would say they wanted a change, and if they did, Congress would have to agree.

But the fact that enough people are dissatisfied to call for a public debate signals the growing malaise with which many view the economic and social changes of the past generation.

Since 1917, when St. Thomas, St. Croix and St. John were purchased from Denmark to block German plans to acquire them for a submarine base, they have grown from a beautiful land of desperately poor West Indian people to an international resort with the highest per-capita income in the Caribbean. Over the years, Congress and the Interior Department granted the islands considerable control over internal affairs; Congress can overturn the decisions of the elected governor and unicameral legislature, but has done so very rarely. Four separate drives to enact a constitution for full self-government came to naught. The last was defeated by a 3-to-2 margin in 1981, not least because provisions intended to placate newcomers of fenced natives, and vice versa.

Now, native Virgin Islanders, most of them black, see political and social predominance slipping away from them. Investors have thrown up condominiums and houses, nearly all occupied by newcomers from the mainland or from Europe. Inflated land values have enriched some native landowners but have meant that many of their children cannot afford to own housing. In one view, distinctly a minority one at this stage, a change of political status would enable the Virgin Islands Government to limit newcomers' ownership of land.

No one expects any move to change soon, though, because the status quo offers so many benefits. For example, islanders and businesses pay Federal income taxes, but all of the money goes to support the local Government. Nearly all Federal benefits are available. Congress gave visitors a break on import duties, an advantage that makes the islands a stop on most Caribbean cruise ship schedules.

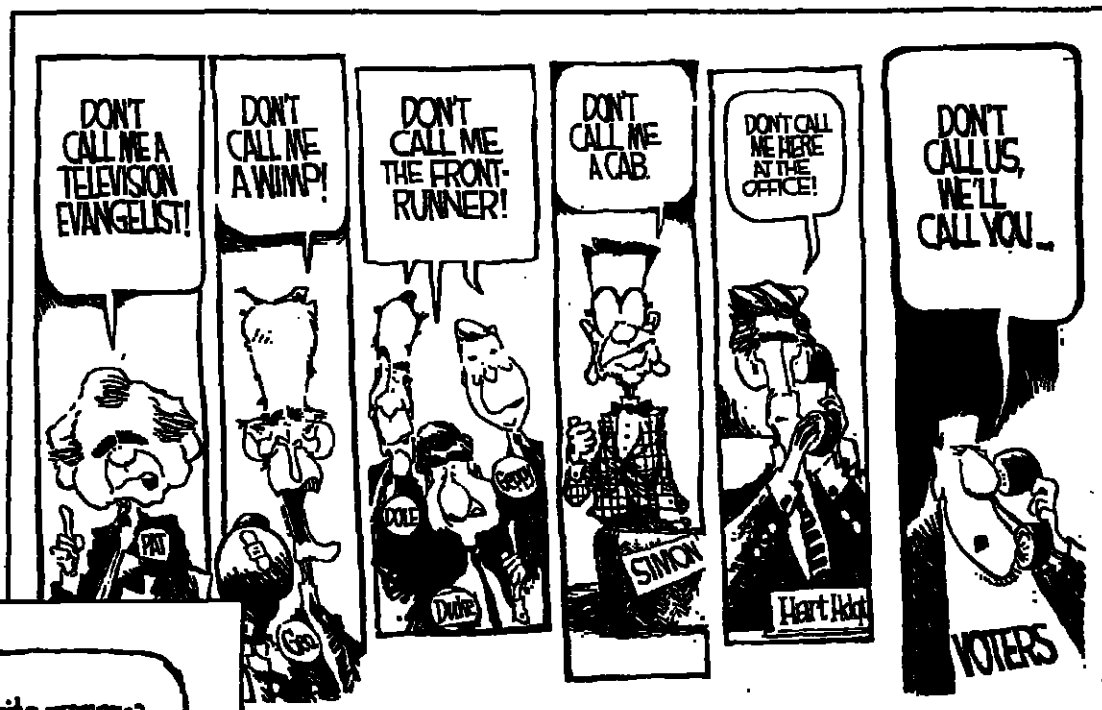
The flaw in territorial status is that in Congress, where so much of what happens here is decided, the islands are represented only by a delegate who can vote only in committee. Virgin Islanders are citizens, but they cannot vote for President.

To much of the rest of the world, this means the islands are a non-self-governing colony. The United States is obligated to make annual reports on the Virgin Islands and other territories to the decolonization committee of the United Nations. But given the benefits of the relationship, few Virgin Islanders think of themselves as oppressed victims of colonialism.

They are, however, beginning to think again about winning more control over their land and lives. Next weekend, at the College of the Virgin Islands, representatives from American Samoa, the Northern Marianas, Guam and the United Nations will join Virgin Islanders in a conference on how many of the territory's problems could be eased by a change of status. "Last summer I was afraid no one would come," said Paul Leary, a political scientist at the college. "My worry at the moment is that so many Virgin Islanders will attend that we won't be able to accommodate them."

Views

A portfolio from around the nation



Jim Borgman
The Cincinnati Enquirer
King Features Syndicate



Mike Luckovich
The New Orleans Times-Picayune
Creators Syndicate



Ed Gamble
The Florida Times-Union
King Features Syndicate

ABOUT THE ARTS

LONDON/Steve Lohr

In Britain, Many In the Arts Say Profit and Loss Has Replaced Beauty and Truth

AFTER MORE THAN EIGHT years, Britain's artists, actors and writers show few signs of being won over by Margaret Thatcher. Some of their deep-seated animosity toward her recently surfaced in print. A few weeks ago *The Sunday Telegraph* ran a prominent article that asked the question: Why do the intelligentsia hate her so much? In reply, Jonathan Miller, the stage and film director, cited the Prime Minister's "odious suburban gentility and sentimental, saccharine patriotism," which, in his view, cater to the "worst elements of commuter idiocy." And Hanif Kureishi, the author of the screenplays for "My Beautiful Laundrette" and "Sammy and Rosie Get Laid," described Mrs. Thatcher's Britain as "a narrow-minded, authoritarian rat hole."

Artists of every persuasion have accused the Government of philistinism because of its desire to reduce its role in subsidizing the arts and expand that of the private sector. It has insinuated the values of the marketplace onto the high ground of the arts, these critics say, properly the realm of beauty and truth, not the profit-and-loss statement.

The Government's goal is not a wholesale privatization of the arts, as its critics claim. As in so many areas of Mrs. Thatcher's policy, the action is far less doctrinaire than the rhetoric. The Government's formula has been to unleash a great flood of "spirit of enterprise" verbiage about self-reliance and private support, while actually increasing public spending on the arts — by 17 percent over the next three years, to \$710 million in the fiscal year 1990-91.

For the foreseeable future, Britain's level of public subsidy for the

arts will continue to be less than in many continental European nations, but far more than in the United States. Though statistical comparisons can be misleading, a look at the financing sources for the Royal Opera House, continental European opera companies and the Metropolitan Opera in New York is instructive. The major opera companies in France, West Germany, Austria and the Scandinavian countries receive 70 percent to 85 percent of their income from state grants. For Britain's Royal Opera House the figure is 46 percent, while only about 3 percent of the Met's income is contributed by the Government.

Last year Richard Luce, Britain's Arts Minister, counseled arts officials attending a conference in Newcastle to "accept the political and economic climate in which we now live and make the best of it, whatever your own private views." And the arts world here is adjusting vigorously, if not always enthusiastically. "Marketing" and "development" have become the watchwords for arts organizations in the 1980's, with all the hallmarks of "selling the arts" so familiar in America increasingly in evidence in Britain — gift shops, restaurants, merchandise spinoffs and professional fund raisers.

"Today, there are very few arts organizations that are not out hustling and marketing to raise private funds," said Luke Rittner, secretary general of the Arts Council, the non-governmental organization through which most state subsidies to the performing arts are channeled. "There has been a dramatic change in attitude, albeit from necessity."

In late 1985 the cash-strapped Victoria & Albert Museum began a controversial policy of charging, volun-

Strapped for cash, the Victoria & Albert Museum has begun charging voluntary admission.

tary admission. Today, more than 60 percent of the museum's visitors pay an average of \$2.30 apiece, just under half the suggested amount. The admission revenues have allowed the Victoria & Albert to open its doors once again on Fridays, as well as spend an additional \$88,000 for scholarly publications and museum catalogues. The blessing is mixed, however, because attendance has dropped by 35 percent.

Museums and performing arts companies have become increasingly effective in prying donations from once-reluctant British corporations. Between 1976 and last year, corporate grants to the arts jumped from \$1.08 million to \$46.8 million, the companies having been persuaded that supporting the arts is a good invest-

ment. Linking a company logo with a museum exhibition or a stage production

Donations are invited upon entry, at your discretion

We suggest:

Adults..... £2.30

Students and old age pensioners 50p

ment. Linking a company logo with a museum exhibition or a stage production

Britain's corporate arts donations, to be sure, pale next to the \$700 million a year that American companies give, but the philosophy has changed in Britain. Contributors now extend well beyond major banks and industrial corporations to smaller concerns, including law firms, real estate agents, bakeries and local breweries, most of which support cash-starved local theater groups and museums.

One of the more unusual arts sponsorship-marketing linkups: a Newcastle car dealer who gives a free

painting by a local artist to every customer. The car dealer claims the ploy has helped increase his sales 100 percent.

The issues of commercialization of the arts and corporate "censorship" of performances have not yet come to the fore in Britain, as they may if dependency on the private sector grows. Moreover, most corporate sponsorship has so far been directed toward "safe" museum exhibitions and stage companies, unlikely to stir controversy.

But London's Royal Court Theater, known for staging new works on politically sensitive subjects (the company's "Serious Money," about greed in the financial world, won admiring notices both here and in New York) has just hired a professional fund raiser to launch a \$1.4 million appeal. And Tom Peitzel, the fund raiser, sees no reason why the Royal Court's reputation for staging plays with a leftist political caste should rule out corporate contributions. "We probably won't get a major oil company or bank," he admits. "But for a smaller, independently minded company the Royal Court could be an excellent vehicle for getting into arts sponsorship."

For private financing to take off, British arts organizations must tap personal giving. Indeed, it is the personal membership, patronage and "friends" societies that do so much to sustain the arts in America that are most lacking in Britain. The generous tax deductions for individual arts donations that Americans have enjoyed are also lacking, and everyone agrees that tax changes are needed in Britain if the government's goal of making the arts far more dependent on private money is to be achieved.

Although a tilt to the private sector is something many in the arts resist, an outspoken minority regards the prospect as not only inevitable but even healthy from a cultural standpoint. In a recent article in *The Independent*, a British newspaper, Sir Roy Strong, former director of the Victoria & Albert Museum, wrote that new cultural directions in Britain must come from the "stimulation of the private sector, the client, and not the pumping of more money into the subsidized sector." He said that the history of the arts in Britain until World War II was "a monument to private initiatives and idiosyncrasies."

"All art, more or less, since 1945 has been state art," he wrote. "It still is. By the end of Mrs. Thatcher's third term of office, if she holds to her principles, that should no longer be true. The achievement of a renaissance is not to be despised."

Two Soviets Take an Eye-Opening Historic Step

In an unprecedented cultural exchange, two young stars from the Bolshoi were invited to spend three weeks with the New York City Ballet.

By ANNA KISSELGOFF

George Balanchine was a complex man of firm convictions and deep contradictions. Like many Russian émigrés, he had a love-hate relationship with his native land and he could not abide the Communist regime. Yet, he enthusiastically accepted its invitation to visit the Soviet Union twice and show off the fruit of his 60-year artistic endeavor abroad — the masterworks he had choreographed and the fabulous company, the New York City Ballet, that he had created and molded. Contemporary Soviet ballet held no attraction for him, but after World War II, he engaged several Soviet-trained émigré teachers for the School of American Ballet.

Had glasnost rolled in before his death in 1983, would Balanchine have invited two young Bolshoi Ballet stars to spend three weeks in New York with the City Ballet? Peter Martins, who is now the company's co-artistic director with Jerome Robbins, did. And there is no question that this month's unprecedented performances at the City Ballet by Andris Liepa and Nina Ananiashvili constituted an eye-opening historic step. The houses were packed, enormous interest was generated and questions were raised about how different Balanchine's aesthetic is from the Bolshoi style.

After dancing together twice in Balanchine's "Raymonda Variations" at the State Theater, the Bolshoi principals rehearsed with different partners for two separate movements of the Balanchine-Bizet "Symphony in C." The climax will come Sunday night at the annual Dancers Emergency Fund benefit when the two-way significance of this kind of cultural venture. Mr. Liepa will fulfill his heart's desire by appearing with his

Bolshoi partner in excerpts from the seminal Balanchine-Stravinsky "Apollo," which he hopes to dance one day in Moscow. Both will also perform a pas de deux from their regular Bolshoi repertoire.

How big the distance once was between Soviet and American views of Balanchine can be seen in the 1966 Soviet ballet dictionary "All About Ballet," Yuri Slonimsky, Balanchine's close friend in the 1920's, was the editor, and Yelizaveta Suritz, who compiled the material, wrote the Balanchine entry. Although praising Balanchine for his "ideal fusion of music and dance" in ballets like "Symphony in C" and "La Valse," she added: "When it is a matter of music of great depth and emotional content — as in 'Theme and Variations' and 'Concerto Barocco' — Balanchine's plastic designs are passionless, formally flawless but without the music's depth. Here is revealed Balanchine's link with certain American dance forms like chorus lines — the famous Rockettes. No matter how primitive their subversiveness to the metronome compared to Balanchine's fusion of music and dance, the chorus girls' mechanical quality is akin to Balanchine's rationalist quality, which can be pushed to an algebraic level; the leveling uniformity that defines their dance is not foreign to him."

Unlike his predecessors, Mr. Liepa belongs to a new generation in Soviet ballet that is more sympathetic to Balanchine's innovations. During the Bolshoi season at the Metropolitan last summer, he and Miss Ananiashvili immediately stood out. Unlike the Bolshoi bravura of the past, his virtuosity and high leaps were channeled into a streamlined, polished elegance. Precision was important to him and nobility his trademark. As for Miss Ananiashvili, her mix of girlish charm and striking femininity was poured into a wide technical range. The astounding ample jump with which she is blessed is complemented by her lyricism.

Something interesting happened, however, on the way to the State Theater. Within the Bolshoi, Mr. Liepa and Miss Ananiashvili seemed comparable in physique and style to Western dancers. Yet, at their City Ballet debut, they looked like Bolshoi dancers.

The surprise, nonetheless, is not that their first "Raymonda Variations" did not go as smoothly as the

second but that they triumphed in the latter and adapted as quickly as they did to a ballet they had seen for the first time only the week before. The tricky part about "Raymonda Variations" is that it could be mistaken for the real thing. Yet Balanchine's choreography here, no matter how similar, is not a reproduction of Petipa's in the 1898 "Raymonda" to the same Glazounov score. He was more concerned with spirit than letter, and his own pas de deux contains innovations that would have been inconceivable in the 19th century.

There is no need to recount the travails of all newcomers to the City Ballet; Mr. Martins has publicly stated that it took him three years to adapt to Balanchine's view of classicism. As the Bolshoi guests know, the steps look the same but how they are

The Bolshoi's Andris Liepa and Nina Ananiashvili enriched the Ballet, albeit briefly, with a strong individual presence.

combined, the speed with which they are performed, how they relate to the music and how they are even executed all differ from traditional ballet training.

Balanchine, in fact, never left the tradition but sought to modernize it. Interestingly, the Bolshoi — more than the Kirov in Leningrad — sought to do the same in a more athletic and dramatic manner. The potential meeting ground is obvious. One has only to recall how the City Ballet was enriched by those who joined the company from varying backgrounds. Mr. Martins and Helgi Tomasson introduced a pure classicism into the male dancing through their Danish training; the versatility of Melissa Hayden and Violette Verdy provided dynamism and sparkle. With their eye contact, Mr. Liepa and Miss Ananiashvili (especially good in her use of her arms and shoulders) enriched the City Ballet, albeit briefly, with a strong individual presence. Back in Moscow, these dancers might open a few windows of their own. Arranged in haste, this kind of visit should certainly have many sequels. It is only a first step.

Excuse My Speling BY FRANCES HANSEN/Puzzles Edited by Eugene T. Maleska

ACROSS

- 1 Part of the window dressing?
- 5 Musical family
- 10 Croupier's tool
- 14 Belabor
- 18 "Women and Love" author
- 19 Knock for (stun)
- 20 Brazilian novelist Jorge
- 22 Actor Julia of "Nine"
- 23 PREADULTHOOD
- 25 CREAMY SALAD DRESSING
- 27 Distinguishing feature
- 28 Rubik cube or pet rock, e.g.
- 30 Start of a Christmas Carol
- 31 Big swig of liquor
- 32 Certain electron tube
- 33 Middle East trouble spot
- 34 Tijuana Brass trumpeter
- 37 "Oh, Beautiful Mornin' "
- 38 Gold rush region: 1897-98
- 42 Extremely small
- 43 BOSTROPOVICH'S INSTRUMENT
- 45 Male gypsy
- 46 Biting
- 47 Participate in the lists
- 48 Actual
- 49 —Stoker, author
- 50 Doctrine
- 51 SOLEMN PLEDGE
- 55 Open-weave fabric
- 56 Taiwan divides it
- 58 Gathers the sheaves
- 59 Prized Himalayan cedar
- 60 Largest country in Africa
- 61 Art style
- 62 "Death Be Not Proud" poet
- 63 —Rides Again, 1939 film
- 65 Witches' get-together
- 66 Ava played a barefoot one
- 68 Send the spirits soaring
- 70 HURTFUL
- 72 Item in a supermarket pyramid

DOWN

- 1 Pahlavi's title
- 2 Amonasro's daughter
- 3 Acronym for a certain plane
- 4 Dead set on
- 5 Igneous rock
- 6 On the qui vive
- 7 Bop on the head
- 8 Hic, haec trailer
- 9 Menu bargain of the day
- 10 Islamic fasting month
- 11 Astonish
- 12 Danny or Sammy
- 13 Conductor de Waart
- 14 Quaker
- 15 Highlands girl
- 16 Give the boot to
- 17 Hilarity
- 21 Enjoying a winning streak
- 24 Manicurist's board
- 26 Major
- 27 Joppo's post
- 29 French roast
- 32 Gandhi's loincloth
- 33 —ease (uncomfortable)
- 34 White elephant's destination?
- 35 Rover's restraint
- 36 SANCTIONED
- 37 Fred Flintstone's wife
- 38 Laments loudly
- 39 NACREOUS
- 40 DOWN Under eucalyptus eater
- 41 Hard red wheat
- 43 Flexible shoot
- 44 Thin pancake
- 47 That is — (so to speak)
- 48 Daniel or Debby
- 51 Staff officers' group
- 52 Rome's famous fountain
- 53 Bellef
- 54 Chateau-Thierry's river
- 55 Wall outlets
- 57 Like a fruitcake
- 58 It goes with a cup of java
- 61 Robot of Jewish folklore
- 62 Blackmore's Lorna
- 63 "Prima Ballerina" painter
- 64 Israeli seaport
- 65 Whale in the sky
- 66 Old Roman receptacle
- 67 Word in a French toast
- 68 Building afterthought
- 70 Used the gaming tables
- 71 Laughing
- 74 French prime minister: 1947-48
- 76 Montmartre resident
- 78 Rose distillation
- 79 Oriol
- 80 Monitor lizard
- 81 Hookup
- 82 Communications device
- 84 "Ain't It —?" (Fats)
- 86 Carry-on luggage
- 88 Consecrate
- 89 Messiah
- 90 Spore
- 91 "Type" sequel
- 92 Ski lift
- 93 Attention-getting hisses
- 94 Mining nail
- 95 Author de la Roche
- 96 Over
- 97 Field of glacial ice
- 99 Trifling amount
- 101 Do a lawn job

ANSWER TO PREVIOUS PUZZLE

ACROSS: 1. Dressing; 5. Family; 10. Croupier; 14. Belabor; 18. "Women and Love"; 19. Knock; 20. Jorge; 22. Actor; 23. Preadulthood; 25. Creamy salad dressing; 27. Distinguishing feature; 28. Rubik cube; 30. Start of a Christmas Carol; 31. Big swig of liquor; 32. Certain electron tube; 33. Middle East trouble spot; 34. Tijuana Brass trumpeter; 37. "Oh, Beautiful Mornin' "; 38. Gold rush region; 42. Extremely small; 43. Bostrovich's instrument; 45. Male gypsy; 46. Biting; 47. Participate in the lists; 48. Actual; 49. —Stoker, author; 50. Doctrine; 51. Solemn pledge; 55. Open-weave fabric; 56. Taiwan divides it; 58. Gathers the sheaves; 59. Prized Himalayan cedar; 60. Largest country in Africa; 61. Art style; 62. "Death Be Not Proud" poet; 63. —Rides Again, 1939 film; 65. Witches' get-together; 66. Ava played a barefoot one; 68. Send the spirits soaring; 70. Hurtful; 72. Item in a supermarket pyramid.

The New York Times

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After the Primary Primaries

Nouvelle Hampshire, The Washington Post called it, and the change can be seen in the old brick factory buildings in Manchester. Forlorn eight years ago, they now gleam with electronics businesses. Boutiques abound. Parking spots do not.

Something else has changed. The once-crotchety voters of New Hampshire took their screening responsibility seriously. For one thing, they turned out in great numbers. The Democratic vote rose to 125,000, up a quarter from 1984. The Republican vote, uncontested in 1984, doubled, to 159,000.

In the process, the voters clarified two broad themes. What's striking among the Republicans is the similarity of their two leading candidates. The Democratic race, meanwhile, may once more turn on the difference between two Democratic parties.

The campaign now charges on toward the 20 election events of March 8, Super Tuesday. That primitive national primary may or may not impel further change in the screening process. But either way, given the present system, New Hampshire, like Iowa, did its job.

Historically, primaries polarize their parties because they attract the most active partisans. This year is different, at least among the Republicans. With the departure of Alexander Haig and Pete du Pont, the race between Vice President Bush and Senator Bob Dole grows steadily more tense. Bitter over his nine-point New Hampshire loss, Mr. Dole lets his cold-eyed temper show.

But the tension is personal. This is not a battle for the soul of the Republican Party. Both men have long experience and centrist Republican views. It is hard to distinguish between them on substance. Mr. Dole, declaring the deficit the first priority, would attack it with a spending freeze. Mr. Bush claims he has a better way: a "flexible" freeze, permitting some choices — choices Senator Dole would probably approve. Vice President Bush declares his unwavering support for the Euromissile treaty. Senator Dole claims higher credit because he took pains

to study the treaty before declaring his support.

To be sure, further over on the right, Jack Kemp and Pat Robertson still fight for a share of the spotlight. But the Bush-Dole competition turns on personality and preparation, not policies or proposals, thus reflecting how far right Ronald Reagan has moved the Republican center.

The Democrats strongly supported Gov. Michael Dukakis of Massachusetts. But Richard Gephardt of Missouri, the Iowa winner, found reason for cheer in the voters he won.

There is a dismaying ring of protectionism and farm favoritism in Mr. Gephardt's positions. His opponents mock his flip-flops on issues like the Reagan tax cut and the MX missile. But in New Hampshire as in Iowa, he connected with a sizable slice of voters. They are not just blue-collar, not just rural, not just elderly, not just people upset about America's slipping world trade and prestige. They are the voters analysts call "disaffected Democrats."

It's a familiar slice of the spectrum. Indeed, for years, Democratic politics could be decoded by thinking of two parties, liberal versus conservative — enthusiasts for George McGovern versus those for Scoop Jackson. Jimmy Carter bridged the gap in 1976; in 1980, many conservative Democrats defected. And in 1984 the gap widened. In the Democratic South, 66 percent of white men voted Republican.

Can Mr. Gephardt position himself, especially against Senator Albert Gore, as the candidate of the conservative Democrats? Is it possible to do so without driving liberals away? Super Tuesday will help decide. Though once focused on conservative Southern Democrats, the event will reach across America. That explains why Governor Dukakis positions himself as a national candidate.

Super Tuesday may transform America's views of the screening process, perhaps enhancing the likelihood of a national primary next time around. This time, under these rules, Iowa and New Hampshire did their work and did it well.

For the Schools: Next Things Next

Governor Cuomo has, surprisingly soon, stopped pushing to restructure New York City's Board of Education. He thinks that current tensions between the Legislature and Mayor Koch make this an inopportune time to press for giving the Mayor control of the central school board.

Just two months ago, Mr. Cuomo presided over a summit meeting to discuss an agenda for change in the city's troubled school system. State law governs many education matters so his muscle is essential. That's why such a dismaying signal arises from his abrupt retreat on creating a politically accountable board. Such a board is the essential next step, now that Richard Green has been chosen as Chancellor. And the next is a vital reform package. Without stronger support from Mr. Cuomo, it also may be in jeopardy.

Since the 1969 school decentralization, the central board consists of seven members who set policy and administer the high schools. The five borough presidents each name one member and the mayor names two. No one is accountable for the board's failures.

Clear accountability for the board is desirable. Governor Cuomo proposed expansion to 13 members. Each borough president would still name one,

the mayor would appoint seven and the school chancellor would also serve. A proposal favored by the board president, Robert Wagner Jr., would allow the mayor to name an 11-member board, drawing on recommendations by a screening panel. Some legislators would give the mayor two more appointments under the present system.

Mr. Cuomo fears that hammering out a compromise might exhaust precious time and political capital needed for other reforms. One would abolish the Board of Examiners, which now hampers effective recruitment of teachers and principals.

Other measures would create a school construction agency; prohibit politicians and employees of the board from serving on community school boards; end tenure for principals; and insure a fair share of state aid for city schools.

Not even these reforms, urgently needed, can remedy the system's present ills. That will take leadership from a strong chancellor — and a responsible central board. Governor Cuomo recognizes that the board needs to be remodeled. If he's made the right tactical judgment by abandoning the effort so soon, then that imposes a concomitant duty to express a clear and complete commitment to the rest of the school reform package.

Home, Smart Home

Does the world offer a more beautiful sight than the crimson stare of a burglar alarm? Not to people who live by themselves, or with small children, or who are not named Rambo. There it is, the watchdog that doesn't have to be walked, ready to roar if anyone so much as tries to jimmy a window. If millions of Americans are happier in their beds, it is because of all those angry red eyes watching over their sleep.

In a year or two, those millions of Americans are going to be even happier. Not only has electronics given their homes eyes. Electronics will give their homes ears, mouths, hands — in brief, the whole human caboodle. According to a report in the Home section last week, the home with a brain is coming down the pike. And none too soon.

Picture yourself arriving at your lonely apartment after a long, hard 9-to-5. The lights are out and the oven is off and the only sound is that of the refrigerator dumping ice cubes. Well, a dozen companies are working, as we speak, to conquer that kind of loneliness. You'll cross the threshold and wow! Lights up! Television on! Stew simmering! Tub running! Home, smart home!

At least one of the smart-home companies has developed a system with a persona. He's called Max, and his voice has been calibrated to make him seem a little, ah, dim. If he sounded too smart, the company figures, he might give the listener an inferiority complex. Fuh-get it! Anybody who wants a home he can talk to is also going to want a voice he can live with.

Topics of The Times

Census Bureau, which relies on voluntary cooperation, by further frightening away people who already fear the enumerators as suspicious agents of authority. Congress can and should tell the Census Bureau to adjust for the unequal undercount, but neither Congress nor the courts should treat people as less than persons.

Joys of Banking

An elderly lady stepped up to a teller's window in the Chemical Bank branch at 86th and Columbus the other day. She unfolded scraps of paper, unearched cards and finally asked for \$200 in cash.

"How do you want it, lady?" the teller inquired. "I want it. I want it."

"But how do you want it?" "I wouldn't be here unless I wanted it," she said, exasperated.

A bystander explained: "The teller wants to know whether you want your cash in tens or twenties."

"Oh," she said, not missing a beat, "size ten."

Letters

Silence of American Jews Supports Wrong Side

To the Editor:

More than 20 years of shortsighted Israeli policies lie battered in the rock-strewn streets of Gaza and the West Bank. Shooting Palestinian demonstrators, expelling them or breaking their bones will not make these "policies" more workable or more just.

The Palestinian problem is a real problem. It cannot be brushed aside by rhetoric or more effective riot control. There is no military solution. There is only a political solution, based, as Abba Eban has said for years, on partitioning the country between the two national movements that have fought over it for so long. Whether the aid policies of the last 20 years will be changed depends primarily on the Israeli people and their Government. But it also depends on the Jews of America. We call on them and on all friends of Israel in the United States to speak up.

We ask them to voice their opinions and join the debate taking place in Israel today. They shared in the development and the survival of Israel, and have a right to speak up.

It is sometimes said that because Israelis fight the wars, their friends abroad must support whatever Israeli Government happens to be in power. Or at the very least, they must keep quiet.

This was always a dubious position and is patently false today if only because there are now, in effect, two governments in Israel: a government of Prime Minister Yitzhak Shamir and a government of Foreign Minister Shimon Peres. Mr. Shamir would like to maintain the status quo forever and continue to rule over 1.5 million Palestinians against their will. The other is at least attempting to break the deadlock by political and

territorial compromise. Which view are they supporting?

We are not party people. We are writers. Mad times hurt us into politics. We have only a voice. We are convinced that the status quo will further corrupt Israeli society and inevitably lead to another major war. Only compromise will be both just and in the long run feasible, and may finally bring about peace.

We refuse to believe that the Jews of the United States are indifferent to whether there shall be war or peace. We cannot believe they are indifferent to whether Israel will remain a democracy. We ask them to speak up. By their very silence, they are massively intervening in Israeli politics and silently but effectively supporting one side in the debate, the tragically wrong side. We implore them to speak up.

YERUDA AMICKAI
AMOS ELON, AMOS OZ
A. B. YEHOSHUA
Jerusalem, Feb. 15, 1988

Demonstrate in Amman

To the Editor:

The media treatment of the rioting in Israel is shockingly superficial. Except for a few experts, citizens would inevitably conclude from what they read, hear and see that the Palestinian drama involves nothing more than the heroic protests of a people suffering under foreign occupation and hurling rocks against armed soldiers in a desperate attempt to recover their homeland. It is nothing of the kind.

The Gaza Strip and the West Bank are parts of the Palestine Mandate — Turkish territory transferred to an international trust for the Jewish people after World War I, on condition that the development of the Jewish

homeland in Palestine respect the civic and religious rights of the existing population. Since that beginning, most of Palestine has been divided between Jordan and Israel. The Gaza Strip and the West Bank are parts of the mandated territory that have not yet been allocated to either country.

Neither the press nor the other media explain why Israel is still administering the West Bank and the Gaza Strip more than 20 years after the 1967 war, 15 years after the October 1973 war. I have yet to read or hear a journalist or pundit tell his readers or listeners that under legally binding Security Council resolutions, Israel is fully entitled to govern those territories until Jordan follows Egypt's example and makes peace with Israel.

The rioters should be demonstrating in Amman, not in Israel, the Gaza Strip and the West Bank. What they are demanding — Israeli withdrawal without peace — is the policy tried in 1957 after the Suez crisis of the previous year. The failure of that policy led the Security Council to adopt its present position in 1967.

That is the inescapable starting point for any serious examination of the problems presented by the Arab rioting against the existence of Israel. The cause of the rioting is not Israel's entirely legitimate presence in the territories, but the bitter and determined refusal of the Arab states (except Egypt) to make peace in accordance with the Security Council resolutions 242 and 338.

If the state of Arab politics and the pressures of Soviet policy make it impossible for Jordan to make peace, then the present tacit Jordanian-Israeli condominium in Palestine could be modified, but not radically changed.

EUGENE V. ROSTOW
Washington, Feb. 11, 1988

The writer, as Under Secretary of State for political affairs, was chairman of the interdepartmental control committee on American policy in the Middle East, 1967-68.

Blue and White Cans

To the Editor:

I'd like to register strong objections to one of the questions that Woody Allen asks in his Op-Ed piece on Israel's policies, "Am I Reading the Papers Correctly?" (Jan. 28). He asks, "Are these the people whose money I used to steal from those little blue-and-white cans after collecting funds for a Jewish homeland?"

I realize that Mr. Allen is being partly facetious with his question; however, I fear he is making an unfortunate and inaccurate point. Those little cans were used by the Jewish National Fund to collect funds for purchasing and reclaiming land for the establishment of a Jewish homeland in Israel. The Jewish National Fund remains Israel's sole afforestation and land-reclamation agency, and it also remains completely non-political. We do not represent, nor do we raise funds for, the Israel Defense Forces, the Israeli Government or any Israeli policy or party.

Our aim is to develop land for agriculture, housing, industry and recreation, and we seek to benefit all of Israel's citizens.

STUART PASKOW
Director, Communications
& Information, Jewish National Fund
New York, Feb. 3, 1988

Waking Up

To the Editor:

Something profoundly poignant is going on with the American Jewish community, something that Woody Allen's "Am I Reading the Papers Correctly?" (Jan. 28) represents perfectly. Like a character in one of Mr. Allen's movies, the community has been in denial for 40 years. And, since it is composed mostly of nice, well-meaning people like Mr. Allen, it is waking up to the implications of its largely realized dream to create a Jewish state.

Mr. Allen is shocked over Israel's latest spasm of Arab-bashing, which includes, he points out, "breaking the hands of men and women so they can't throw stones" and "dragging civilians out of their houses at random to smash them with sticks." This shock is not feigned.

But when you have supported an effort to "move a people without a land to a land without a people," how can you be surprised at such brutalities? Racism (or denial) screams at you in the slogan. When you "root for" a cause that thinks God gave it a promised land, you too are responsible for atrocities committed by zealots. (Responsible also for the more conventional — and far more destructive — Israeli bombing of Beirut.)

Mr. Allen is in denial right from his opening line, "I'm not a political activist." But nice people can do much harm by political indifference. Vittorio De Sica's films might show Woody Allen how governmental decisions can affect the "spiritual center" of even the most politically indifferent individuals.

Yes, Mr. Allen, you are reading the papers correctly. Why haven't you been reading them for the last 40 years?

JEFFREY V. NACKLEY
Washington, Jan. 31, 1988

Once a Candidate, Always a Candidate

To the Editor:

Murray L. Bob's amusing article (Op-Ed, Feb. 5), speculating on the motives of many of the 39 persons running as Presidential candidates in the New Hampshire primary, brings to mind "The Comedians," the 1965 novel by Graham Greene, in which an obscure minor character, appropriately named Mr. Smith, adrift in Haiti, is constantly referred to as the Presidential Candidate.

His wife declares: "He was Presidential candidate in 1948. He's an idealist. Of course, for that very reason, he stood no chance." The narrator tries to remember who Truman's opponent was in that election year — "surely it had been Dewey, not Smith." But Mr. Smith's title is flung about with such jolting abandon that he has to point out that he is no longer a Presidential candidate. "We made our gesture once and for all." He is told: "There's no need to explain that here, Mr. Smith. After all you belong to history. A gesture like yours is there for everyone to read. It belongs to this year as much as to the past."

I recall a wedding notice some



years ago that noted the bride's grandfather had been aboard a horse that placed second in the Grand National. So some of us wear our little badges of honor, often self-created, not for the present but for the ages and pass them on as family heirlooms.

WILLIAM A. DILLON
Rome, N.Y., Feb. 6, 1988

In Nicaragua, They Learn the Prosthetics Trade

To the Editor:

In your front-page story about war-wounded children in Nicaragua (Jan. 28), you say artificial ankle joints are not obtainable in Nicaragua because of the expense of imported models and the lack of foreign currency.

Last November, I visited the Aldo Chavarria Hospital in Managua. It is a rehabilitation hospital: 90 percent of its patients are war victims, and many are amputees requiring prostheses. Imported prostheses are prohibitively expensive, so the technical director of the prostheses workshop (trained, as I remember, in New York) has carried out a project to design and make limb prostheses from locally available materials.

I saw ankles, knees and hips under construction, ready for fitting and

being worn by patients. I was told that the International Red Cross facilitated the development program.

Oxfam Quebec assisted with enlarging the workshop and outfitting it with the necessary power tools, which were of German, Canadian and French manufacture. In 1986, this shop produced 86 prostheses; in 1987, 311 to the time of my visit, and by this year, they hope to be producing what they need, about 600 a year.

The cost of making these prostheses is only a 20th or a 30th the cost of importing them. The hospital also has a three-year program to train high-school graduates to make prostheses. The first 10 trainees were due to graduate from the program shortly.

ROBERT E. NYE JR., M.D.
Norwich, Vt., Jan. 28, 1988

Discrimination and the New York Job Market

To the Editor:

Racial discrimination is being openly practiced in the New York City job market. I have been searching for a secretary-receptionist for months. Most responses to my ads come from employment agencies. When I realized that for some reason I couldn't fill the position without outside help, no matter how attractive I made it, I began talking with secretarial employment agencies.

The representatives always asked me the same question: Would I object to a black person? (or "girl," as they said.) I always responded: "No. Why do you ask?" And they all gave the same answer: "We have to. If we send black candidates to many companies, they won't work with us." When I replied that this practice is illegal, they agreed, but said, "Unfortunately, we have no choice."

I'm stunned. This is 1988; this is New York City, to which I came because of the open job market.

Agency fees are steep, usually a substantial percentage of the first year's salary. Why would a company pay an \$8,000 fee to hire an administrative assistant? Perhaps because this gives a de facto ability to discriminate. The agency sees the candi-

dates first. My bet is they have applicants come in for an interview, a typing test and to screen by color.

One agent told me that employers will ask for a "blonde, with blue eyes, size 5 or 6." Unless it's a modeling job, you can't do that in a classified ad. I suspect that the proliferation of these agencies, and their scramble to fill positions like the one I advertised, comes from such services.

Several candidates I interviewed told me that almost all the ads that they answered had been placed by agencies; many trick ads were for phony positions or were designed to look as if they had been placed by companies, but led instead to the agencies. So my real ads could have been suspect. In the meantime, prospective employers like me seem to be denied direct access to the job market; prospective minority employees are clearly denied access to available jobs.

ELLEN SHAPIRO
New York, Feb. 2, 1988

They Are Not Non-Persons

Some legislators and citizens, and the states of Kansas and Pennsylvania, have brought a suit demanding that illegal aliens not be counted when Congress redistricts after the 1990 Census. They claim that undocumented aliens in states like New York and California will skew the results and perhaps cost their states a House seat. To win, they must persuade the courts that the aliens are not "persons," since persons, not citizens, are what the Constitution requires to be counted.

The suit is an unworthy means to a dubious end. It asks the courts to mangle both the original Constitution and the 14th Amendment, whose framers chose their words carefully. It asks the courts to create a new class of non-persons, contrary to one of the finest themes of constitutional history, the recognition of people whose personhood has been denied. The Supreme Court has made clear that whatever else America may do to protect its borders, it may not deny illegals basics like a public education.

Even if successful, the suit could only frustrate the

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A Glimmer of Hope For Iran-Iraq Peace

By Gary Sick

"If the Iran-Iraq war does not come to an end officially in 1988, it will at least be practically over." This judgment, so contrary to the prevailing image of the war as a conflict without end, was expressed several weeks ago not by an armchair observer from afar but by Crown Prince Abdullah of Saudi Arabia, who had just completed a round of consultations about the war in the major Arab capitals followed by a summit meeting of Arab Gulf states. His is still a minority view, but there is growing evidence that this seemingly interminable war may be winding down at last.

One year ago, Iran was engaged in a huge offensive designed to break through the formidable Iraqi defenses around the southern city of Basra. That offensive, which had been in preparation for an entire year, was arguably the best-planned, best-armed and most skillfully conducted operation in the long history of this brutal conflict. But it failed. Iraqi defenses held firm, and Iranian leaders had to ask themselves whether one more offensive was likely to succeed where this supreme effort had failed.

In June 1987, the military commander of Iran's Revolutionary Guards announced a new approach. Iran's military plans for the coming year, he said, would not involve a single enormous offensive as in the past but a "series of limited operations and a series of bigger ones.... We have plans to organize, train and arm popular forces inside Iraq.... This is the new front." This new strategy, which was subsequently espoused by all key Iranian leaders,

Gary Sick is both adjunct professor of Middle East politics and fellow of the Research Institute on International Change, at Columbia University.

had two practical consequences.

First, Iran began to arm and train Kurdish forces for guerrilla operations with the Revolutionary Guards in northern Iraq. Second, Tehran did not make the necessary preparations for a new campaign against Basra, suggesting that this may be the first full year of the war with no major offensive by either side.

The new military strategy also affected Iran's diplomacy. On July 20,

The U.N. Security Council holds the key.

1987, the United Nations Security Council unanimously voted a binding resolution calling for an end to the war. It was an open secret in the United Nations that this resolution was intended to lend international support to Iraq and to punish Iran.

The first paragraph of Resolution 598 demands an immediate cease-fire and withdrawal of forces before negotiation of outstanding issues between the warring parties. Since Iran was the only party holding substantial territory outside its own borders, this meant that Tehran was expected to relinquish its major bargaining lever before negotiations started. So it was anticipated that Iran would reject the resolution, thereby triggering a second resolution to impose an arms embargo.

To the surprise of many, Tehran did not reject the resolution but instead fixed on paragraph 6, which provided for an impartial commission to determine who started the

war. If such a commission were established, Iranian officials told Secretary General Javier Pérez de Cuéllar, they would be prepared to observe informally the terms of the cease-fire resolution while the panel conducted its investigation.

Iran and most other observers believe that Iraq initiated the war in September 1980 with its invasion of the Iranian province of Khuzestan, though Iraq insists the attack was provoked. Iran chafed at the failure of the Security Council in 1980 to identify Iraq as the aggressor or to call for the withdrawal of Iraqi forces. The commission would, in Iranian eyes, rectify this omission and lay the

basis for Iranian claims for war reparations. Iraq, needless to say, has stiffly resisted Iran's diplomatic efforts, insisting that Resolution 598 be implemented strictly in the order that it was written.

Crown Prince Abdullah's comments about a practical end to the war in 1988 may be more than wishful thinking. If the war has settled into a jockeying match about the order in which the terms of Resolution 598 are to be implemented, surely that problem is not beyond creative international diplomacy.

The Secretary General has already set forth — and the Security Council has endorsed — a nine-point plan that could provide the basis for a compromise. Under those circumstances, voting an arms embargo without first exploring the possibilities of a negotiated cease-fire would be irresponsible. At a minimum, the circumstances justify a new visit to the region, either by Mr. Pérez de Cuéllar or by a special representative that he could appoint, just as he has done with the Afghanistan talks.

The Security Council must decide: Does it wish to seek a negotiated end of the fighting, which may require flexibility on the part of both Iran and Iraq, or is it primarily interested in punishing Iran? The choice is obvious and compelling.



ABROAD AT HOME | Anthony Lewis

Going to Jerusalem

Secretary of State Shultz had the idea years ago of improving the "quality of life" of Palestinians under Israeli occupation in the West Bank and Gaza. By that he meant easing Israel's restrictions on their lives and commerce, building a degree of mutual confidence.

When he heads for Jerusalem at the end of this week, Mr. Shultz will bring with him a more urgent approach to the new urgencies of the conflict. It is to give the Palestinians in the occupied territories more control of their own lives at once — by elections for a local governing council — and then move quickly on to negotiations for a real peace.

But he will face a dark prospect. There is less mutual confidence and understanding than ever in relations

changed, Mr. Benvenisti said, to a more deliberate, more methodical crushing of the Palestinian uprising. The army is going to the 392 Palestinian villages one by one: surrounding each, taking 10 or 15 men into custody, forcing the villagers to clear streets and remove graffiti.

The same is happening in Palestinian areas of Jerusalem. Some 2,000 police have been assigned there.

It will all be done quietly, Mr. Benvenisti said — "in a whisper," without the drama that gets press attention.

"The policy is reinforced by harassing the Palestinians bureaucratically," he said. "Anyone who wants to go to Jordan will have to stand in line in an office and show that he's paid his taxes before he gets a permit. Any improvements in the quality of life are being swept away."

"Because of the real power relationship, the policy is bound to be successful. What are the Palestinians going to do if they want to see their families in Amman, not stand in line?"

"But what will the result be? A sudden population, the forces of resistance remaining just below the surface. Those are the seeds of a new cycle of violence."

Mr. Benvenisti has been trying all these years to make Israelis understand that they must choose between two courses in the occupied territories: give them up, allowing the Palestinians to determine their own destiny, or annex the territories and give their 1.5 million inhabitants the rights of Israeli citizenship.

Instead, he has seen Israel go on with its acknowledged policy of creeping annexation: taking the land, building settlements, treating the Palestinians as a subordinate population without rights. In all that he sees looming danger for his country.

In these last months his gloomy vision of what occupation would do has been proved true. Everyone can see that Israel holds the West Bank and Gaza by force alone, and that force has evil consequences.

An army that was the country's pride has found its soldiers breaking bones and even burying Palestinians alive. "The strong arm has become the sadistic arm," the newspaper Haaretz said.

The 58 Palestinians killed so far had many relatives and friends. So do the hundreds or thousands with broken bones, and the thousands humiliated. They will remember. Compromise will be that much more difficult.

But people have not learned, Meron Benvenisti believes. I hope he is wrong.

The Wolfe Isn't at Our Door

By Howard Fast

At 11 o'clock on a Friday morning, my wife and I were on our way to Connecticut. Avoiding the Triborough Bridge, we took the underpass that would take us to Bruckner Boulevard. In tune with Mayor Koch's other economies, it was completely unlit, and, at about 35 miles an hour, we hit a pothole large enough to bury a barrel. The rebounding car made it feel as if the entire car had come apart, but we managed to grind and creak our way out of the tunnel and onto the street. There I discovered that the front and back wheels on the left side of the car had been broken. The rear tire was flat, the front tire nearly so.

With the Volvo screaming in protest, I managed to crawl for a few blocks and get out of traffic, and there, by an abandoned building, we came to a stop. And my wife said, not happily, "Do you realize we're in Tom Wolfe's book?"

I had finished the book, "The Bonfire of the Vanities," the week before, and here we were square in the middle of the nightmare he had made of the South Bronx — two broken wheels, two people too old to even think of physical defense, a car that couldn't be driven, no cop in sight.

Howard Fast is a novelist.

and two men, one black and one Hispanic, approaching us.

The Hispanic wore an old Army jacket and rubbed his hands against the cold. "Man," he said, "you got a problem. You got a spare?" The other man, black, older, wearing layers of old clothes, said: "Sure he got a spare. Right, mister?"

What do you do? I opened the trunk, while my wife made a supreme effort not to look the way she felt. I had never changed a tire on this car, I didn't even know where the tools were. The two men located them, put the jack together, jacked up the car, removed the wheel, put on the spare and secured the damaged wheel in the trunk.

They explained that they were out of work and that by hanging out here they helped the victims of the pothole. They would take whatever I wanted to give them. I gave each of them \$5. They were as gentle and as decent as two men could be. They thanked me, I thanked them, we shook hands and then they wanted me that I couldn't get far with the busted front wheel. They spelled out directions to a body shop.

We stopped now and then to bolster the directions and finally we found the body shop. Here was a Hispanic and three blacks, tough looking and covered with the dirt and grease of their trade. They did not protest that

changing wheels was out of their line. They jacked up the car, removed the front wheel, hammered it enough to keep it from grinding against the body, and when I asked them what it cost, they said that was up to me. Then they told us that if we could work the car carefully across the boulevard, we'd find a gas station with air.

It was a tricky bit, getting the car to Bruckner and inching it across at five miles an hour. But with all our twisting and turning and moving slower than a walk, no one threatened us. At the gas station, a black man went out of his way to fill front and rear tires with 40 pounds of air. I had never driven with that much pressure before, but he explained that with the rim broken, it might be the only way to make sure the tire did not go flat.

I'm not saying that this would happen to everyone. I am saying that it happened to me, and the only beating and robbery that took place was the fault of the pothole — \$436 — the cost of two new wheels. But I'm not writing this piece to complain about that; I'm writing it because I am sick to death of the voices that tell us that New York is a jungle and that the South Bronx is a wilderness inhabited by muggers and dope addicts and rapists. This is a city of people, and I'll match them against any city on earth. Tom Wolfe notwithstanding. □

FOREIGN AFFAIRS | Flora Lewis

Narrowing the Extremes

THE difference is that the limits are narrowing," a young, American-educated Salvadoran businessman said. "The extremes, right and left, are being ruled out, as more and more people see they can't solve anything."

This is a tentative but realistic appraisal of what is happening in El Salvador, and most of Central America. "Democratization" is the holy word, but it isn't much proof of achievement to be told proudly by a gung-ho American that seven coups have been averted here in the last few years.

True, the atmosphere of terror has diminished. It is no longer ordinary to be greeted with a pointed gun when somebody opens the door for an expected visitor to a house or office. True, there have been elections and there are going to be more. They are likely to be reasonably honest and President José Napoleón Duarte's Christian Democratic Party is likely to continue dominating the Government, though practically everybody in town complains about him.

He is criticized for a spread of corruption, for a failure to organize an effective administration, for lack of a strategic development plan. The right criticizes him with a certain nostalgic contempt. But the Arena party, which is the main opposition, has made a serious effort to distance itself from its image as sponsor of death squads.

Victor Steiner, a thoughtful, elderly man who is president of the Chamber of Commerce and expresses the frustration of entrepreneurs, nonetheless acknowledges somberly that no party dares to talk about the explosive demography and the 65 percent illiteracy rate as national problems that have something to do with the chances

for both economic advance and democracy. The establishment debate is moving away from how to clobber the revolutionaries to how to make things work. But it hasn't gone very far.

The left criticizes because President Duarte hasn't changed the basic situation. And that of itself is something because those critics would have been and were silenced by gunshot just a few years ago.

Reuben Zamora, who fled to join the political arm of the rebels, has returned under amnesty and the invitation to shift from armed to political struggle. He and his friends have accepted the dare of democracy, though they are at greater risk of their lives

The dare of democracy in El Salvador.

in the circumstances than they would be toting guns in the mountains.

His group has declined to contest elections in March for municipal councils and the legislature. They aren't ready. It takes time to organize and it is dangerous. But they are preparing for future elections.

The boosters who don't criticize are the people in "the embassy." That is the everyday way to refer to the American Embassy, turned into an ugly fortress for good reason because of attacks, but also into a snicker by European and other ambassadors who are theoretically equal.

The overarching power and influ-

ence of the U.S. are acknowledged, with some nationalist grumping on the right as well as on the left. The most common complaint, throughout the region, is that the U.S. is inconsistent and unreliable. "The Soviets make better allies," said one indignant advocate of the position urged by Washington's hard-liners.

But this sense of fickle America is a misperception based on a deliberately simplistic hearing of what the U.S. says, and Washington shares the blame for explaining itself so poorly to its clients. The rhetorically vehement Reagan policy on Central America has not been supported by a broad U.S. consensus. The margin of decision on key votes has been narrow, thus open to reversal according to circumstances.

Nor are these votes as purely a matter of domestic partisan politics as a number of American diplomats in the region encourage their hosts to believe, urging them to lobby openly against the stand of Congressional Democrats. Shortly before the last vote on contra aid, a high-level Washington delegation came down to solicit appeals in favor of the Administration's bill from governments in the area. This is an excessively narrow and prejudicial way of representing the U.S. abroad.

The underlying policy is not so variable or so controversial. It is in America's interest, and widely recognized by American opinion, to promote democratic governments in the region and to favor the stability necessary for economic development. And naturally the U.S. wishes friendly neighbors. An important start is being made, narrowing the scope for extremists, but there is still a very long way to go. Central Americans know it. Washington should not deceive itself with its slogans. □



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MANUAL OF RADIOGRAPHIC INTERPRETATION FOR GENERAL PRACTITIONERS

An instructive and well-illustrated guide to clinical radiology by P.E.S. Palmer, W.P. Cockshott, V. Hegedus and E. Samuel.

1985, 216 pages NIS 34.00 (NIS 47.00 including air mail)

PUBLIC HEALTH ACTION IN EMERGENCIES CAUSED BY EPIDEMICS

A practical guide covering virtually every detail that must be considered when mobilizing public health services to cope with an epidemic. Prepared by P. Bras 1986, 287 pages, NIS 54.00 (NIS 67.00 including air mail)

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Business Forum

MULTINATIONALS AND THE THIRD WORLD

Sell Solutions, Not Just Products

By KLAUS M. LEISINGER

SOME say multinational corporations threaten the economic and political independence of developing countries and represent one of the greatest obstacles to development. Others find progress in the third world inconceivable without companies operating on an international scale. Multinationals, they say, transfer technologies, as well as exemplary standards for production safety, the environment and social responsibility.

In truth, neither extreme paints the complete picture. Multinationals today are as heterogeneous as developing nations. Some export high technology to the third world to promote development. Others refuse to do so, transferring intermediate technologies instead. Some restrict their activities purely to business. Others also get involved in charitable projects. Generalizations will not do.

The special responsibilities that corporations take on in dealing with developing nations do bring trouble and expense in the short and medium term. At Ciba-Geigy, we find that sometimes it takes years for the company to see the benefits from its third world activities.

Since markets in industrialized nations are usually more attractive, why get involved in the third world at all? Because the problems of underdevelopment constitute the most pressing social issue of the 20th century. All who can contribute to solutions must do so, not only out of humanitarian motives but also in the interest of insuring long-term peace.

What's more, in recognizing their special responsibilities and working sensitively in developing countries, multinationals can expect a smoother and more sustained market development in the long run. In other words, good ethics is good business.

The ethical challenges of doing business in the third world can be met in two mutually reinforcing ways. Corporations should develop policies — a kind of internal code of conduct — for sensitive areas like marketing, product quality and environmental protection. Not everything that is legal

Klaus M. Leisinger is director of third-world relations at Ciba-Geigy Ltd.



Drawings by Sara Schwartz

locally is ethical. And they should nurture managers who can act on what Pope John Paul II called a "unity of knowledge and conscience."

The challenge often also requires extra effort. Ciba-Geigy, for example, was recently approached by the agricultural ministry of a rice-growing sub-Saharan African country. The ministry was interested in one of our pesticide products.

So, together with the country's government, we undertook a scientific investigation to determine the specific pest problem. We created an organizational infrastructure — including reporting lines and job descriptions — so that all of those involved, within and without Ciba-Geigy, knew exactly what part they played in the project.

We also trained local farm workers to use our product, oversaw the pesticide's safe application and began an educational project that eventually reached 40,000 farmers.

The monetary return on investment in this project has been far below the average profit for Ciba-Geigy's agricultural operations. But our corporate policy allows for extending profit expectations over the longer term in third world projects.

Other rules in our own code of conduct include having no differences between industrial and developing nations regarding quality of products and services, product safety, instruc-

tions for use and production safety. We also call for pursuing the same goals in the third world as anywhere else when it comes to environmental protection. This mostly means far exceeding local standards.

Of course, international development cooperation — private and public — can only facilitate or at best accelerate approaches already in place on the local level. It cannot be a substitute for them. Responsible leaders in third world countries must design specific development processes themselves and keep them going by working with all sectors of the population.

But an adherence to certain principles can improve the corporate contribution to development policy — a policy of avoiding aggressive marketing in traditional societies, for example, or a commitment to selling solutions rather than products.

It would be unrealistic not to take seriously the conflicts that always arise between the pressures to increase sales in the short term and the need to preserve sound business in the long term. But such basic conflicts can be made less serious.

At Ciba-Geigy, we put salesmen in developing areas on minimal commission so that there is no pressure to cash in and disappear. We do not want to tempt our customers to buy something they can't use correctly.

The aim is to warn, explain and develop long-term understanding.

In 1977, in response to an initiative by the World Health Organization, we founded a subsidiary, Servipharm Ltd., to offer a wide range of high-quality pharmaceutical products and services at low cost to people in developing countries.

Servipharm has supplied products to about 900 million patients in 60 countries. We hoped to get a return on our investment in five years; 10 years later, we still haven't made a profit. Nevertheless, we continue to operate the company and have not given up the hope of seeing a return.

We have also set up a charitable unit, the Ciba-Geigy Foundation for Cooperation with Developing Countries, that supports agricultural research and works with a host of international agencies.

Corporate policies conceived with realism, as well as enlightened self-interest, are thus one precondition for a successful approach to business ethics in the third world.

An emphasis on picking the right managers is also of overriding importance. Initiatives to develop appropriate policies and make them part of the corporate reward-and-punishment system must come from the top. But any institutional ethic, code of conduct or corporate policy is only as good as the executives handling it.

Companies must help these managers go beyond entrepreneurial skills to develop virtues such as humility, sensitivity and social responsibility. Ethical corporate conduct needs individuals who find themselves forced to account for their motivations and who are able to gauge the likely consequences of their activities.

There is growing international sensitivity to the non-economic consequences of economic activity. The actions of major institutions are being questioned more than ever. In the long run, real or perceived unethical conduct is likely to put the social acceptability of the activities of multinationals and the credibility of the free market system at stake.

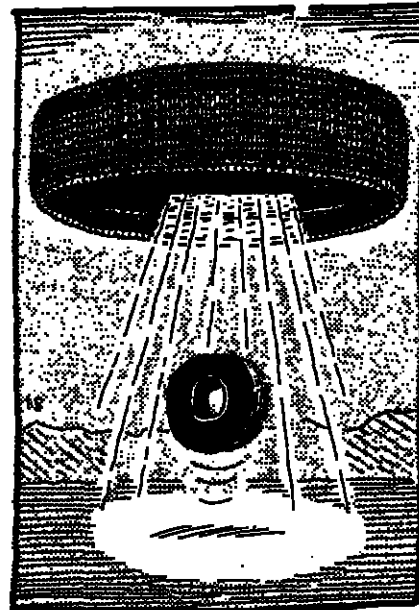
Only if entrepreneurs offer constructive solutions to important societal problems in an ethically acceptable way will they enjoy freedom of action. Ethical conduct in third world business — and in business everywhere — is vital to the long-term existence of any corporation.

The Economy

WEEK IN BUSINESS

Japan Seeks Stake In American Tires

Bridgestone Tire agreed to pay \$1 billion for 75 percent of Firestone in what is believed to be the largest Japanese investment yet in an American manufacturer. Firestone is the nation's third-largest tire maker, with \$2.6 billion of tire sales annually. But after the deal, its largest business will be 1,500 retail stores that sell tires and other automotive goods and services. Bridgestone is the world's third-largest tire maker, after Goodyear and Michelin of France. Overcapacity has brought drastic changes in the American tire industry. Goodyear spent heavily to fight a takeover threat from Sir James Goldsmith; Gencorp was bought by a West German company, and Goodyear and Uniroyal effectively abandoned the business by merging their tire operations into a separate company.



Tom Bloom

A bank controlled by the Japanese will pay \$750 million for Union Bank of California, a subsidiary of Standard Chartered of Britain. The purchaser is California First Bank, which is 77 percent-owned by the Bank of Tokyo. The deal would be the largest Japanese investment in an American financial institution.

The Fed thinks the economy looks rather stable, though not especially strong, according to Alan Greenspan, the central bank's chairman. His statement led many people to think the Fed will not be changing monetary policy soon. Hopes for an easing by the Fed have been a key factor in this year's rally in the bond market. Mr. Greenspan's remarks came a week after a meeting of the Fed's Open Market Committee, which sets policy but does not officially disclose its decisions for six weeks.

The mortgage insurance industry was in turmoil caused by the failure of one of its largest companies to meet its obligations. The default earlier this year by TMIC Insurance Company, better known as Tigor Mortgage, led lenders to repossess 6,600 homes with \$485 million of defaulted mortgages on which TMIC had been making payments. TMIC stopped making its payments under orders from the California Commissioner of Insurance, who was concerned about the company's financial condition. The commissioner, Roxani M. Gillespie, has said she will try to liquidate TMIC if no better alternative emerges. TMIC has \$13 billion in insurance in force, and the halt on payments leaves thousands of mortgages and mortgage-backed securities essentially uninsured.

T. Boone Pickens is taking an interest in Texaco. The Texas oilman notified the company that he is seeking regulatory clearance to buy up to 15 percent of its shares. The filing indicated that the stock purchases would be for purposes other than passive investment, but Mr. Pickens declined to say what his goals are. He did say that he would support the efforts of Carl C. Icahn, Texaco's largest shareholder, to abolish the anti-takeover provisions that Texaco's management has put in place.

The stock market toyed with 2,000 on the Dow Jones industrial average. The blue-chip indicator closed above that mark on Tuesday, was back

below it by Thursday's close and by Friday gathered enough strength to close at 2,014.59, a gain of 31.33 points for the week. Six times since the October collapse, the Dow has gone above 2,000, but has not stayed there more than four days. In the bond market, the rally of recent weeks faltered, with small losses in slow trading.

Home building was at its slowest pace in more than five years in January, but industrial production rose two-tenths of 1 percent. Capacity utilization at American factories held steady at 82.2 percent in December, the highest in eight years.

Ford's earnings last year were the best ever for a domestic auto maker. The 1987 profit of \$4.6 billion was up 39.4 percent from 1986, and for the second year in a row Ford earnings exceeded the profit of General Motors, which made \$3.6 billion in 1987. Ford's workers will receive an average of \$3,700 each in profit-sharing checks for 1987.

Chrysler will put the profits from this year's sales in Wisconsin into a fund to aid the 5,300 workers who will lose their jobs when the company closes its Kenosha, Wis., assembly plant at the end of the 1988 model year. The fund, expected to total about \$20 million, will be used to help workers pay mortgages or rent and to educate their children.

Playtex Family Products will be sold for \$726 million to Johnson & Johnson. The subsidiary of Playtex Holdings produces tampons, baby bottles, rubber gloves and toothbrushes. Playtex Holdings still retains its Jhirmack hair care lines and the Playtex Apparel unit that makes brassieres, girdles and panties.

J.P. Morgan lost one of its top credit ratings. Until Moody's Investor's Service lowered it to Aa-1, Morgan had been the only banking company to have the top rating of both Moody's and the Standard & Poor's Corporation. Moody's cited concern about loans to developing countries. Seven other banking companies or their subsidiaries were downgraded by Moody's, but Morgan's principal subsidiary, Morgan Guaranty Trust, retained its Aaa rating.

INVESTING/Anise C. Wallace

Behind the Rally in Bank Stocks

Analysts point to low prices after last year's plunge. Regionals are favored over money-center banks.

THEIR stocks were market laggards for almost two years, and many of the country's largest banks reported huge losses last year, but money-center and regional banking companies have enjoyed a rally since December.

In fact, their stocks have outperformed the broad market indexes by a considerable margin. A handful of contrarian money managers and analysts now believe that most of the bad news on banking is out and that the bank stocks have almost no way to go but up.

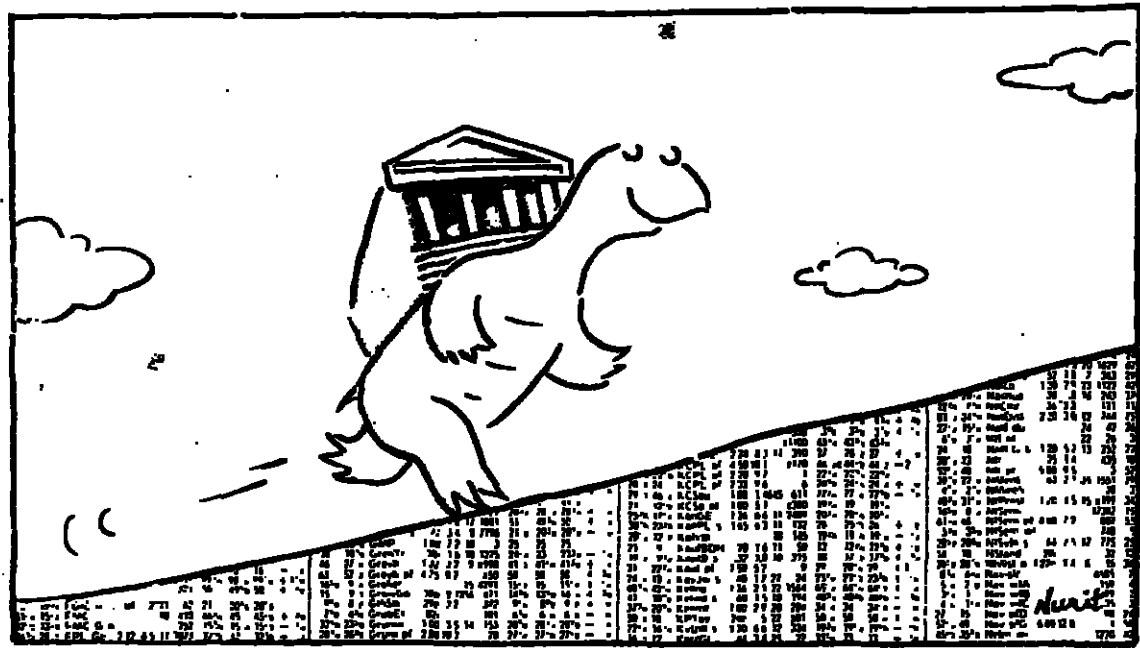
"The downside risk in these stocks is minimal," said Thomas H. Hanley, a managing director at Salomon Brothers. He added that investors could earn short-term profits on such money-center banks as J.P. Morgan, Citicorp, Bankers Trust, the Bank of Boston and First Chicago. Mr. Hanley is also recommending stocks of several regional banking companies as longer-term investments. So far this year, the stocks of regional banks have been among the best performing in a narrowly moving market. For the five weeks ended Feb. 8, the Salomon Brothers Regional Bank Stock Index, made up of 22 banks, climbed 14 percent. In that period, the Salomon Brothers Money Center Bank Stock Index, which uses 11 banks, advanced 4.5 percent. Meanwhile, the Standard & Poor's 500-stock index is up only eight-tenths of 1 percent.

The stocks of banking companies are bouncing off a low base. Last year, they did extremely poorly. For instance, Salomon's money-center bank index plunged 28 percent, while the S.&P. 500 was up 1.4 percent.

Despite their recent rally, many bank stocks are still considered cheap. Using such measures as price/earnings ratios or percentage of book value, they look undervalued compared with other stocks. Money-center banks, trading at an average multiple of 4.9 times expected earnings, and regional bank stocks, at 7.4 times earnings, are significantly below the S.&P. 500's multiple of almost 12.

Of course, bank stocks have traditionally had a low multiple. Their true earnings are difficult to determine because of the differing ways they value their loans, and investors expect steady but not spectacular earnings increases. "Banks are never the brightest growth story in the market," said James K. Schmidt, portfolio manager of the Freedom Regional Bank Fund at Boston's Tucker, Anthony & R. L. Day.

These days, the money-center banks continue to face two fundamental problems: Inadequate capital and their huge loans outstanding to Mexico, Brazil and Venezuela. In January, the Federal



Drawings by Mark Karlin

Reserve Board released proposed guidelines that, if adopted, would require many banks to enlarge their capital bases. Many investors are unsure how this might affect bank earnings.

These twin problems have frightened many analysts and portfolio managers away from the money-center banks. Mr. Hanley of Salomon, one of the few analysts who think the problems may ultimately be resolved favorably, acknowledges that the money-center banks have "never been more unloved than now."

INDEED, to many analysts, the huge debts associated with the less-developed countries, or L.D.C.'s, seem almost insurmountable. "I frankly don't know where the L.D.C. problem is going," said George M. Salem, senior bank analyst at Prudential-Bache Securities. Consequently, he is recommending that investors avoid shares of money-center banks except as short-term trading vehicles. "I don't consider money-center banks as suitable for long-term investments," he said. On Wednesday, Moody's Investors Service downgraded the debt ratings of eight major money-center banking companies, citing their exposure to third-world loans.

Mr. Schmidt of the Freedom bank fund is staying away from the money-center banks and concentrating on regional banks. "They don't have this cloud over their heads," he said of the regionals. The problems of the money-center banks have led analysts and portfolio managers toward both regional and so-called super-regional banks. The super-regionals include the largest regional banks, such as Security Pacific, the First Union Corporation and Corestates Financial.

While as large as or in some cases larger than some money-center banks in market capitalization, super-regionals often do not have the problems associated with third-world debt. Many have stronger capital positions than the large banks, and they have developed profitable niches in their local markets.

Mr. Salem of Prudential-Bache, for one, is recommending the stocks of seven regional and super-regional banks: Barnett Banks, First Wachovia, Banc One, PNC Financial, Bank of New England, Midland Banks and United Jersey Banks. He is looking for earnings gains from them of 12 to 15 percent a year. Mr. Salem also says these banks all serve good regions, have strong management teams and could hold up well in a recession.

Mr. Hanley of Salomon also recommends several super-regionals. Included among them are PNC Financial, First Fidelity Bancorp, Midland, Wells Fargo, Security Pacific and U.S. Bancorp. Analysts and portfolio managers also continue to buy shares of many smaller regional banks. Even though they have jumped in price, the smaller regionals are still attractive, analysts say, because of the possibility of takeovers. In a recent report, Mr. Hanley cited these banks as possible takeover candidates: Northern Trust, Indiana National, First Virginia, Central Fidelity, Dominion Bankshares, Baltimore Bancorp, First of America and Old Kent Financial.

EVEN analysts who are not enthusiastic about the bank group in general expect more bank takeovers. A number of states that adopted regional banking pacts in recent years will soon allow takeovers by the larger money-center banks. These states include Illinois, Ohio, New Jersey and Pennsylvania. Analysts say there may be even more hostile attempts like the Bank of New York's bid for Irving Trust. "We could see some pretty exciting deals done among banks that today seem unlikely," one analyst said.

But even the most enthusiastic analysts and money managers say that all bank stocks could suffer in a severe recession. That would likely cause tremendous losses in their domestic loan portfolios and would lead to huge problems with commercial real estate. "In a recession, all bets are off," Mr. Schmidt of Freedom said. "That could wipe out earnings."

The New York Stock Exchange

MOST ACTIVE STOCKS WEEK ENDED FEB. 19, 1988

Company	Sales	Last	Net Chng
PuPr	13,354,400	10	...
Texaco	10,217,200	42%	+4%
FedEx	9,704,700	60%	- 1/2
Navistar	8,634,200	4%	+ 1/2
Ford M	7,728,600	44%	+1%
NorthU	7,549,500	20%	...
Exxon	7,277,700	43%	+2%
GenEl	7,268,700	43%	...
AT&T	6,599,700	28%	+ 1/2
IBM	6,216,700	113%	+1%
Thal	5,903,000	17%	...
NwAm	5,568,000	10	...
Pfizer	4,859,000	33%	-1%
NiaMP	4,849,700	13%	- 1/2
EKok	4,602,500	42%	- 1/2

Advances	Declines	Total Issues	New Highs	New Lows
1,105	753	2,150	15	24
986	972	2,184	25	40

VOLUME (4 P.M. New York Close)	Last Week	Year To Date
Total Sales	644,296,530	5,997,272,770
Same Per. 1987 ..	763,308,050	6,712,358,468

WEEK'S MARKET AVERAGES	High	Low	Last	Net Chng
New York Stock Exchange	176.5	172.5	176.5	+3.28
Indust	129.4	124.5	129.4	+5.18
Util	72.7	71.8	72.6	-2.28
Finance	124.0	122.9	123.9	+0.52
Composite	146.9	144.3	146.9	+2.10

Standard & Poor's				
400 Indust	301.4	296.6	301.4	+5.41
20 Transp	204.5	199.9	204.4	+8.84
40 Util	110.8	108.7	110.1	-0.65
40 Financial	23.2	22.8	23.1	+0.12
500 Stocks	261.6	257.6	261.6	+3.98

Dow Jones				
30 Indust	2026.1	1998.8	2014.5	+31.33
20 Transp	819.6	772.2	815.5	+37.68
15 Util	185.3	181.0	184.5	+0.48
65 Comb	755.1	731.4	753.0	+16.41

The American Stock Exchange

MOST ACTIVE STOCKS WEEK ENDED FEB. 19, 1988

Company	Sales	Last	Net Chng
DomeP	4,915,100	1	+ 1/2
EchBay	1,087,800	19%	+ 1/2
Amdahl	1,034,800	35	+1%
AdRstE	964,300	9%	- 1/2
LoTel	919,600	10%	+ 1/2
Vicam	776,400	25%	+ 1/2
FausPr	771,300	8%	+ 1/2
TexAir	740,900	10%	+ 1/2
HomeSh	722,900	5%	+ 1/2
WangB	718,200	14%	- 1/2

Advances	Declines	Total Issues	New Highs	New Lows
453	355	200	13	14
504	309	214	10	20

VOLUME	Last	Year
(4 P.M. New York Close)	Week	To Date
Total Sales	36,187,150	332,940,585
Same Per. 1987. .	66,508,095	523,929,770

Romancing the stone

THE CONSTRUCTION of a rock garden is one of the most interesting tasks the amateur gardener can undertake. In Jerusalem and its hilly environs, ordinary gardening is often difficult. There are so many rocks that deep digging is made impossible. These rocks can't be removed by ordinary garden tools but rocky plots need not be an obstacle to creating a garden, they provide an ideal spot for a rockery.

Walter Frankl

An old story explains why there are so many rocks in and around Jerusalem.

When the Lord had created the universe, heavy rain swept all the soil into the ocean. The Almighty ordered two strong angels to fill sacks with stones and fly around the globe spreading the stones evenly over the world. "From these stones mountains will grow that will hold the soil," said the Lord when the angels started their trip. However, one of the angels took up his sack upside down and all the stones fell into one place - Jerusalem.

In rock gardens, something will always be in bloom from the early spring until fall and sometimes even in winter. Part of the reason for having a rock garden is the pleasing effect of the combination of annuals, biennials, perennials, cacti and bulb flowers. Even so, this effect, like most artistic effects, is the result of careful planning and design.

The best site for a rock garden is an open position in full sunshine, away from large trees. The place must be well drained by a half-me-

GARDENER'S CORNER

tre-deep trench filled with stones or gravel. If you have a natural rock outcropping on a hilly spot, you can use it as the base for a rock garden. The amateur with limited garden space may be content with a single rock bed. This is generally highly satisfactory, because it costs little and is easy to maintain. But a rock garden enthusiast, with no garden, can even create a miniature rockery in a medium-sized container, filled with a good soil mix, three or four natural rocks and a few suitable plants. It takes a short time to create a small rockery, ready to be placed on the balcony or patio or even a sunny window-sill.

If there is no rocky area in your garden and you love the low-growing Alpine or pseudo-Alpine plants, you can build your own rock garden by arranging large stones or rocks in a sunny position. Use irregularly-shaped rocks that look natural and never bricks or cinder blocks. Large rocks are easier to keep in place, but they should be light enough for you to handle.

CHOOSE FROM basalt from the Golan Heights, granite from the vicinity of Eilat, striped flint which can be found in abundance in East Jerusalem, the Jerusalem rocks filled with holes and crevices, the odd-shaped sandy conglomerations from the Mediterranean seashore, the reddish stones, called "even Gilo" from a quarry near Beth Jala or the coral pieces from the Eilat beach. Whichever you choose

for your rockery, use only one type of rock.

The stones or rocks should be laid fairly closely together, to achieve a natural appearance as possible. They should be mostly buried in the soil, to prevent their being washed away by rains. What I like to call the "romantic side" of the stones should be visible.

The day of the massive rock garden, consisting of very large rocks, composed by experts into an imitation of a mountainscape, is gone. Gardens today are small, and gardening is an intimate, do-it-yourself pastime. Take time to study the situation in order to create a picture in your mind of what is desired. The first stone is always the most difficult to place. It is helpful to visit a few good rock gardens to study the arrangement of the stones.

If the rock garden is divided into two by a path, make the parts different in size. If the path is on sloping ground, build in steps here and there to adjust the different levels. Such steps, whenever possible, should be composed of the same stones used in the rock garden. On a flat site, the path should have flat natural stones let into the soil until they are almost level with the ground, and placed at comfortable intervals.

The best soil mix for the spaces between and in the crevices of the stones can be made by mixing three easily and cheaply available ingredients in equal parts: sea sand, red soil from the fields and compost. A 15-



centimetre layer of this mixture is suitable for all rockery plants. Add more of the same soil mixture each year. When the rock garden is planted and all plants well established, a few handfuls of osmocote grains should be spread over the surface. This slow-releasing fertilizer should last the whole season.

OUR SUMMERS are too hot to grow real Alpines. Instead of gentiana, edelweiss and primulas, we can content ourselves with similar decorative, low-growing plants which establish themselves easily.

Here is a list of such plants which I have tried successfully in rockeries. The low-growing bulbs, unlike other rockery plants which can be planted in spring, should be set out in October. Never plant bulbs singly. Groups of 10 bulbs or more planted close together, create the true effect. They will flower each season, multiplying by their own bulblets.

□ Bulbs: Cyclamen neapolitanum (rakefet bar), which grows wild in the forests around Jerusalem and on the Carmel; muscari (grape hyacinth); crocus (corcum in Hebrew); Ranunculus asiaticus (nuriti); low-

growing tulips (izivoni) - the so called "Kaufmaniana" or "fosteriana" species; Anemone coronaria and Anemone blanda (calaniti), chinodoxa (same in Hebrew) - a blue glory in the spring garden; Narcissus nanus and Narcissus jonquil (narkis nanassi) white and yellow-flowering, small, fragrant narcissi.

□ Succulent rock plants: Sedum, Sempervivum, Mesembryanthemum, apothenia.

□ Perennials: Achillea millefolium (a red or pink-flowering ground cover with very decorative foliage); Phlox drummondii (shelavia) - multi-colored little blooms on single stems; Nierembergia (same in Hebrew) - small marguerites in blue or white with a yellow centre; Gypsophila dubia (same in Hebrew); Linaria alpina (same in Hebrew) - small flowers, similar to snapdragons, in different colours; Linum catharticum (pishita), Aquilegia - also called columbine; Campanula carpatica (bellflower, pa'amoni); Dianthus sinensis (tiporen sin); Alyssum saxatile (salseli kesef); Lobelia erinus (same in Hebrew); Ayuga reptans (bugleweed, had-safa sohelet).

Hard luck, Jimmy

MILAN (Renter) - Jimmy Connors saw his hopes of winning his first tennis tournament since October, 1984 dashed yesterday when he was forced to withdraw injured from the Italian indoor final against Yannick Noah of France. Connors called it quits in the ninth game of the first set serving at 30-30 with the match level 4-4.

In the seventh game, at 3-3, Connors walked to the umpire clutching his right side and back after his first service. He then netted a lob and clearly looked to be in pain, but managed to hold his serve for 4-3 advantage. He weakly returned Noah's first two serves and appeared unable to reach across for his opponent's cross-court drives.

The 35-year-old American accepted the inevitable and withdrew on his next service game, as a despairing fan shouted, "Don't do it, Jimmy."

Before leaving the court, Connors told the crowd: "I owe you one. It means I have to play tennis for another year and come back here."

The packed Palatrussardi Stadi-

um gave him a standing ovation. Bill Norris, official trainer of the Association of Tennis Professionals (ATP), said Connors had torn a cartilage muscle in his right rib-cage. He said he believed Connors suffered the injury while serving in the first game. "He thought he could shrug it off," Norris said, adding that Connors probably would be sidelined for three to four weeks. Connors said, "I've had my teeth knocked out before, but this hurt like hell. I'm a bad luck case."

Noah said: "At 2-2 I saw he was having trouble. It really threw me off ... He played at 30 per cent and I played at 31 per cent. Still, I won the tournament, I won the cheque and the points."

In the U.S. Indoor Championships semi-finals, Agassi beat Corcoran 6-1, 6-4, and Perret beat Seguso 6-4, 6-4. In the Virginia Slims tournament in Oakland, Novotny beat Corcoran 6-2, 6-2, and Sevastok beat Sabatini 7-5, 6-4. In the \$600,000 US Pro Indoor Tennis Tournament starting in Philadelphia today, Andre Mansdorf is seeded fifth, after, Lendl, McEnroe, Federer and Borg. He drew a bye in the first round. Last year he lost in the semi-finals to McEnroe, who has withdrawn this year owing to injury.

It's Liverpool again

LIVERPOOL (AP) - A classic goal by Ray Houghton in his first Merseyside derby destroyed Everton's dogged pursuit of the F.A. Cup yesterday, when cross-town rivals Liverpool won 1-0 and stayed on course for their second league and cup "double" in three seasons. Battle-weary Everton, which had played seven cup-ties to reach Sunday's home fifth round match, had most of the play, but lacked the subtlety and creativity to break down Liverpool.

The home side was disrupted by the 20th-minute loss of their England midfielder Peter Reid through injury, but still looked capable of forcing at least a draw until Houghton struck 14 minutes from the end.

In the only quality move of a dull, safety-first battle, John

Barnes and Peter Beardsley interlinked superbly on the wing and from Barnes' cross, Houghton rose to head the winning goal.

Everton's best opportunity came in the 22nd minute, but Paul Power could not find a header to match the quality of Adrian Heath's cross.

Despite Everton's offside tactics, helped by several marginal decisions, Liverpool began to wear them down in the second half: first Barnes and then the influential Steve McMahon both extended goalkeeper Neville Southall.

Everton's season now depends on Wednesday's Littlewoods Cup semi-final second leg game at Arsenal. But the Merseysiders will travel to London already one goal behind after losing at home in the first leg 1-0.

Liverpool, who gained revenge Sunday for their only defeat of a magnificent season - Everton beat them in an earlier Littlewoods Cup match - go into Monday's F.A. Cup quarter-final draw.

Seeking gold in the snow

CALGARY (APF) - The furious gold medal battle between the Soviet Union and East Germany continues unabated. East Germany went 6-5 up after speed skater Andre Hoffmann won the 1,500 m. title in a world record time of 1:52.12. Earlier triple world champion Frank Peter Roth won the 20km biathlon, just 21.3 seconds ahead of Valery Medvedtsev of the Soviet Union.

In the Alpine skiing, Carole Merle of France surprised even herself as she pulled off the second women's Olympic Alpine skiing shock in the space of 24 hours to lead the combined event. Merle fol-

lowed West Germany's surprise downhill gold medalist Marina Kiehl when she stunned Switzerland's Maria Walliser by taking top spot in the combined downhill.

The 24-year-old Merle has never finished higher than seventh in a downhill in six years on the World Cup circuit, and her first win of any kind came six weeks ago in a giant slalom on home snow in Tignes.

Brian Balfanz kept the Olympic men's figure skating title in the U.S., succeeding as champion his compatriot Scott Hamilton. World champion Brian Orser, of Canada, had to settle for the silver - just as he did at Sarajevo four years ago.

ICR HOCKEY: Group A: Switzerland 4, Poland 1.

BASKETBALL: Hapoel Holon beat Hapoel Jerusalem 84-77 last night. High scorers: Bennett 20, Orange 19, Dawson 16.

CRICKET: England cricket Captain Mike Gatting hit an unbeaten 97 yesterday to steer the tourists to a morale-boosting eight-wicket victory over a New Zealand President's XI in a three-day match at Christchurch. President's XI 181/7 decd. and 214/7 decd. England 236/1 decd. and 163/2.



ONCE UPON a time the city elders of Cardiff in Wales were faced with a quandary: cinema owners were urging the municipal council to relax the Sunday laws barring public entertainment. Lawyers argued that Sunday films would reinforce family bonds among cinema-goers, while

Sraya Shapiro

churchmen, headed by the local bishop, maintained that public entertainment would only further estrange youths from their parents.

Labour then had a majority on the council, and they were strongly in favour of Sunday entertainment. But, because neither party had a mandate from their voters to decide, a referendum was held. "And, strangely enough, the people who gave the Socialists a majority on the council voted heavily against breaking Sunday traditions," notes Matityahu Kalir, who was working for the Tel Aviv municipality at the time, and visited Cardiff during a study tour of British local

authorities.

"There is nothing like the British system of local government," says Kalir. "And the British at home were quite different from those we used to meet in Palestine."

Kalir spent 48 years with the Tel Aviv municipality and worked with five mayors. "Their political affiliations never bothered me - my career as a civil servant was as close to the British meaning as I understood it." He put his candid memoirs into a book, called in Hebrew, *From a Warm Corner of the Heart*.

There is no school for civil servants here, and if there was one in Lithuania, where Kalir was born, he did not attend it. His education was general - Hebrew high school and the faculty of humanities in Kovno.

When he came to Palestine in 1936, his brother, a police inspector in Tel Aviv, managed to secure a letter of introduction for him to the mayor, Yisrael Rokach. Kalir was appointed to assist Dr. Natan, who headed (and manned) the economic department. During World War II, the department sued merchants for profiteering. Judgement was given by respected members of the community. They were appointed by the mayor, but held no legal authority. However, nobody challenged their ruling. Rokach was a hard-working man who never relied on anyone else to do his job. "He used to take files home and go over them during

Shabbat. He also took home cheques to sign. Pinkas, the National Religious Party man, suspected Rokach was putting his signature to them on Sabbath, but was told the mayor did it after dusk."

In due course, Kalir moved to the Treasury rising to the post of deputy director, and later became director of the department of information. "Even if little can be done to remedy grievances one should, at least, write a letter in answer to citizen's complaints," maintains Kalir. "When I was at information I insisted that all departments answer letters promptly. I am not sure it is

done today."

The last office Kalir held at the municipality was head of the Tel Aviv Foundation for Arts and Literature - which spent millions on the beautification of Tel Aviv, publications and public performances.

WHAT IS a civil servant as opposed to a politician? Kalir suggests that the term refers to an administrator who considers issues on their merits and proposes solutions regardless of their electoral potential. Sometimes the technocrat wins. More often than not the politician has the final word.

That is how it was when Rokach,

then minister of the interior, summoned Kalir one morning to his Jerusalem home and asked him if he would like to run a new department to supervise the running of local authorities. Kalir wavered.

"What if you leave the ministry? he asked Rokach. "A political creature like myself will have nowhere to go."

Rokach was visibly annoyed, says Kalir. "Do you think I've taken up this post for a mere couple of weeks?"

Little did he know. Rokach's party, the General Zionists, suddenly decided to bolt the government. The civil servant's fears proved correct.

The oboist deserved the applause

HAIFA SYMPHONY ORCHESTRA. Concert No. 6. Natan Yehi, conductor; Malcolm Messiter (UK), oboe. Haifa Auditorium, February 15. Mozart: Symphony No. 35 in D Major ("Haffner") K.385; Bach: Concerto for Oboe and Orchestra in F Minor BWV 1055; Hummel: Variations in F, Op. 102 for Oboe and Orchestra; Stravinsky: Danse Concertante.

THE MAIN attraction of the evening was Malcolm Messiter, whose impressive playing is due to a combination of technical deftness, musicality and personal involvement. First came the enjoyable rendering of the Bach work, based on the familiar Concerto for Harpsichord and Orchestra. The inadequate inter-



gration of solo and orchestra, however, meant that the piece was occasionally heavy and dragged.

Johann Nepomuk Hummel (1778-1837), pupil of Mozart, was more important as a pianist than a composer. His Variations served as a

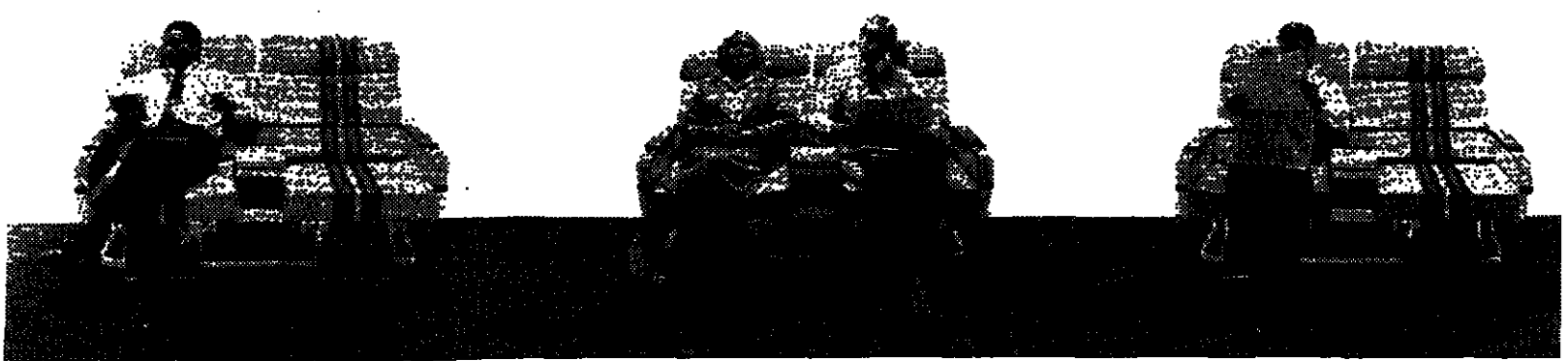
vehicle for the soloist to display the full range of his abilities. Long passages, fast and technically demanding, were rendered with ease. Messiter produced a fine, sonorous tone, beautiful phrasing and style, and was a deserved success with the audience.

The Mozart, mostly clear in texture and tempi, emerged somewhat listless.

Noam Yeini and the HSO's performance of the Stravinsky piece, with its balletic qualities, concluded the concert on a lively note.

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3. Conditions of the tender as well as all other pertinent information can be obtained from Monday, February 22, 1988, from the Agency, 17 Kaplan Street, Tel Aviv, room 717 between 9:00 a.m. and 12 noon, against a non-refundable payment of NIS 350.-
4. A special tour of the construction site for contractors will be held on Monday, February 22, 1988, at 10 a.m. at the site, Roshayim St., Shevivi Quarter, Herzliya, opposite the entrance to the Mizra Hospital.
5. Bids should be submitted not later than 1:00 p.m. on Wednesday, March 23, 1988 at the address mentioned in paragraph 3 above.
6. This tender is open only to contractors registered in accordance with the Act Regarding Registration of Contractors for the Execution of Engineering and Construction Works 1969, such contractors to abide by requirements of the act and to be eligible to carry out the works as specified.
7. The Agency does not undertake to accept the lowest, or any other bid.

THE JEWISH AGENCY ISRAEL EDUCATION FUND TENDER NO. 81/688/87

1. THE JEWISH AGENCY (hereinafter the Agency) invites tenders from building contractors for the construction of a: LIBRARY AT SHAUVI QUARTER, HERZLIYA
2. The projected construction is approximately 700 sq.m.
3. Conditions of the tender as well as all other pertinent information can be obtained from Monday, February 22, 1988, from the Agency, 17 Kaplan Street, Tel Aviv, room 717 between 9:00 a.m. and 12 noon, against a non-refundable payment of NIS 300.-
4. A special tour of the construction site for contractors will be held on Wednesday, March 2, 1988, at 10 a.m. at the site, Roshayim St., Shevivi Quarter, Herzliya, opposite the entrance to the Mizra Hospital.
5. Bids should be submitted not later than 1:00 p.m. on Wednesday, March 23, 1988, at the address mentioned in paragraph 3 above.
6. This tender is open only to contractors registered in accordance with the Act Regarding Registration of Contractors for the Execution of Engineering and Construction Works 1969, such contractors to abide by requirements of the act, and to be eligible to carry out the works as specified.
7. The Agency does not undertake to accept the lowest, or any other bid.



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"The American Jewish Community Reaction to the Current Crisis in Israel"
By Paul Flacks
Executive Vice-President,
Zionist Organization of America

U.S. bankers here to discuss selloff

Strides are made in privatization

By PINHAS LANDAU
Post Finance Reporter

The pace of the government's privatization programme is speeding up.

Last week saw representatives of two of the three American investment banks involved in the programme meeting with several of the major corporations earmarked for sale to the public, while an important share sale is pending on the Tel Aviv Stock Exchange.

A team of three top executives from PaineWebber, headed by managing director Robert Wygod, visited Bezek, El Al, Israel Chemicals and the Israel Electric Corp. and heard from their management about the condition and prospects of these companies.

The visitors were "very enthusiastic" about what they heard, accord-

ing to a well-placed Israeli observer. In addition to the state-owned giants, the PaineWebber team investigated the possibility of other Israeli corporate business for their bank. Of the main government corporations, Bezek is by far the furthest along the road to making a public issue. The process of preparation for coming to market has been under way for over a year at Bezek; El Al, by contrast, is still formally in receivership and saddled with large debts, despite making record operating profits.

The telecommunications company is being advised by Shearson Lehmann Brothers, and two senior officials of that company have been holding further discussions with Bezek's boss Yoram Alster on the options available.

Bezek has to raise \$150 million

this year, Alster told *The Jerusalem Post* recently. This capital could come either through shares or bonds, or a mixture of the two, including the possibility of a convertible bond issue. The exact composition, and the decision as to whether to make the issue in New York, Tel Aviv or both, depend on several factors, including the state of the markets in both countries, and the ability of Bezek to reach the targets set for it in its rationalization programme.

In any event, according to Ze'ev Refuah, head of the State Corporations Authority, no decision will be made regarding Bezek until after the government has received the master plan for the privatization programme from its own advisers, First Boston Corp. This is due on April 20.

But a more immediate prospect is the appearance of the prospectus for the sale of shares in Mivnei Ta'asiya, the company engaged in preparing, selling and managing industrial estates, on the Tel Aviv market.

This should be published by the end of this month, otherwise the company will have to wait until it has more up-to-date financial figures. The issue has already been considerably delayed by the Securities Authority, which uncovered far-reaching flaws in the financial statements included in the original draft prospectus.

The Mivnei Ta'asiya issue is aiming to raise NIS 33 million and will, if it takes place - be the first large share issue this year of any company, government or private, on the Tase.

Beersheba mall to sign on department store

By DAVID ROSENBERG
Jerusalem Post Reporter

The shopping mall now under construction in Beersheba - which, at 45,000 square metres, will be Israel's largest - is due to sign up a major department store chain within the next two weeks as a tenant.

That will cap the efforts of Canit Darom, the company building and managing the shopping complex, to double the size of the mall from original plans. Managing Director Yitzhak Rager told *The Jerusalem Post* yesterday. The retailer, who he would not name until the agreement was signed, has not had an outlet in Beersheba until now. It came to a tentative agreement with Canit Darom two weeks ago.

Rager said Canit Darom had already decided several months ago when demand for store space exceeded expectations to double the space devoted to commerce and build a bigger parking area, effectively telescoping what was supposed to be a two-stage project into one. Today, he said, about 90 per cent of the commercial space is leased out at rates essentially contingent on individual stores' gross sales.

The increased retail and parking space, along with the addition of a nine-storey hotel and some depreciation in the value of the dollar since the original forecasts, has nearly tripled the projected cost of building

the Beersheba centre to about \$28 million.

Rager said he expected construction to proceed rapidly on the project, with the completion date set for two years from now. With construction crews working two shifts a day, he said, Canit Darom aimed to pour 700 cubic metres of concrete a week, equal to North American standards and about double the Israeli standard. He said the project would not be affected by the slowdown in building nationwide, caused by the unrest in the territories that has kept Arab workers at home, because the contractors being used did not rely on labour from the territories.

The Canion Ayalon in Ramat Gan, Israel's first enclosed shopping mall built on the North American model, will still have more store space than its Beersheba counterpart, because the Beersheba mall includes a hotel and more parking space. Nevertheless, the new centre will hold 150 stores, including a Hiper-Shuk and Superpharm, as well as four cinemas.

He insisted the project was viable, although he conceded that a similar project in the centre of the country would have been more profitable. The Canion Ayalon has been a huge success, yielding annual sales of \$150m. on 25,000 square metres of store space and producing a host of imitations all around the country.



GRAND CANION: The Ramat Gan shopping centre is the model for the Beersheba mall now under construction. (Andre Brumman)

That shows, said Rager, that Israelis have taken favourably to the mall idea.

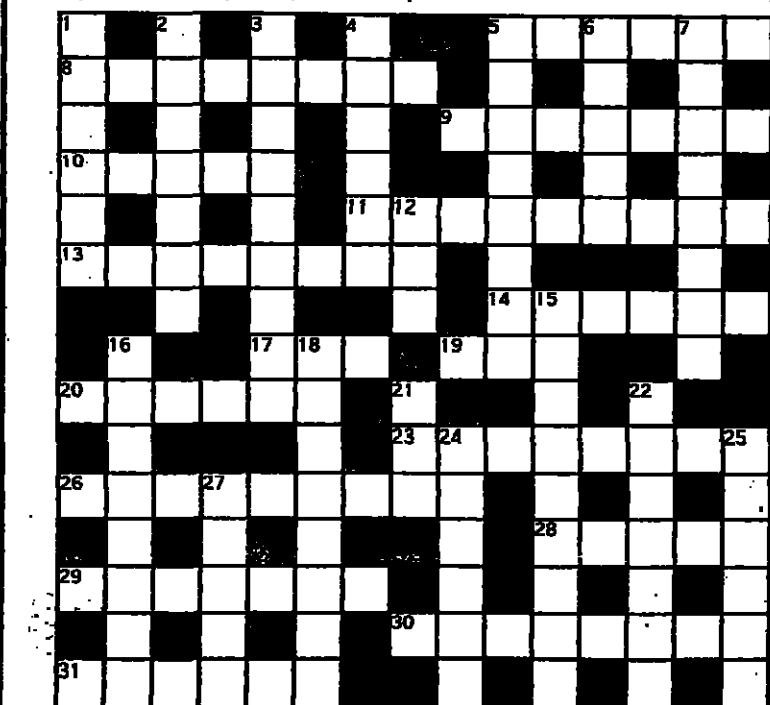
In Beersheba, the planned shopping centre will have a far smaller and less wealthy population to draw on. But Rager said the Negev market of 300,000 was double the minimum size usually required in North America to build a mall. In addition, he said, the centre's site, adjacent to Beersheba's central bus station and on the road to Eilat, should enable it to lure people passing through the city.

In any case, the decision to build in Beersheba is largely due to Rager's long and close association with the city (his father was the city's first chief engineer in the late 1940s). He was able to convince David Azrieli, the Canadian mall magnate who built Canion Ayalon, to become involved in the Beersheba project and form Canit Darom, a sister company to Azrieli's Canit. Azrieli, in addition to serving as Canit Darom's chairman, is also putting up an undisclosed percentage of the money.



CROSSWORD

- ACROSS**
- 5 Girl band leader demanding strictly (6)
 - 8 Draughts in country house (8)
 - 9 Graduate needs weapon to settle account... (7)
 - 10 ...daggers drawn (5)
 - 11 It helps create the image of a property restorer (9)
 - 13 New-fangled art has lines to cross (8)
 - 14 Crazy to go back and demand table linen (6)
 - 17 Contents of repair kits annoy people (3)
 - 19 Old tree snake (3)
 - 20 Third party providing proper guarantee in Spain (6)
 - 23 First Henry takes garage-hose that is parting (8)
 - 26 Butterfly in opera got involved having lost love (6-3)
 - 28 Once short county pursuits (5)
 - 29 Medical disorder that can recur (7)
 - 30 Fragile national? (8)
 - 31 Get up like a lark (6)
- DOWN**
- 1 Stop and address Bill Price (6)
 - 2 Possibly enlarge comprehension (7)
 - 3 Home match that lights up the glow-worm? (9)
 - 4 No main highways in Norfolk aren't (6)
 - 5 Gymnasium event finishes poor people on them (4-4)
 - 6 State in which I had a house reduced (5)
 - 7 Where striker stands for more pay (8)
 - 12 Slippery sort, like 2, retiring (3)
 - 15 Stop paper production over hospital closure (9)
 - 16 Digs coins (8)
 - 18 Folk jester marked at Ascot? (4-4)
 - 21 Old character for hip replacement (3)
 - 22 Celebrity beaming all over the place (3-4)
 - 24 Tribe has wild sort of dances (6)
 - 25 Finishing, not starting, is relaxing (6)
 - 27 I am in part of the church that is green (5)

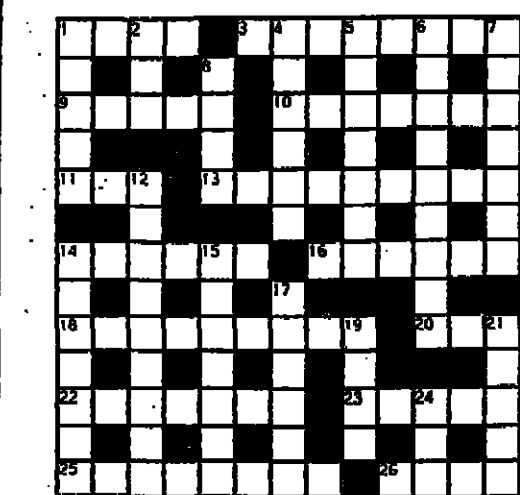


Yesterday's Solution

ACROSS: 1. Astern, 4. Villa, 8. Gmil, 9. Residue, 10. Reputed, 11. Mew, 12. Elm, 14. Tern, 15. Able, 18. Gap, 21. Quilt, 23. Askance, 25. Assault, 26. Mourn, 27. Hitch, 28. Energy. DOWN: 1. Augury, 2. Trample, 3. Relating, 4. Vest, 5. Lodge, 6. Averse, 7. Trade, 13. Marksmen, 16. Languor, 17. Squash, 19. Parte, 30. Keenly, 22. Inset, 24. Bush.

QUICK SOLUTION

ACROSS: 1. Astern, 4. Villa, 8. Gmil, 9. Residue, 10. Reputed, 11. Mew, 12. Elm, 14. Tern, 15. Able, 18. Gap, 21. Quilt, 23. Askance, 25. Assault, 26. Mourn, 27. Hitch, 28. Energy. DOWN: 1. Augury, 2. Trample, 3. Relating, 4. Vest, 5. Lodge, 6. Averse, 7. Trade, 13. Marksmen, 16. Languor, 17. Squash, 19. Parte, 30. Keenly, 22. Inset, 24. Bush.



QUICK CROSSWORD

- ACROSS**
- 1 Bittern call (4)
 - 3 Loud, forceful speech (8)
 - 9 Old instrument (5)
 - 10 Mine support (3-4)
 - 11 Joint (3)
 - 13 Uprightness (5)
 - 14 Pre-occupied (6)
 - 16 Criminals (6)
 - 18 Correction (9)
 - 20 Wreath (3)
 - 22 Estimated (7)
 - 24 Make merry (6)
 - 25 Gifted (8)
 - 26 Join rope (4)
- DOWN**
- 1 Tree (5)
 - 2 Globe (3)
 - 4 Lianna-like animal (8)
 - 5 Sitting nervous (7)
 - 6 Talkative (9)
 - 7 Verbalize (7)
 - 8 Cicatrice (4)
 - 12 Bit by bit (9)
 - 14 Dose (7)
 - 15 Gorgon-like (7)
 - 17 Interfere (6)
 - 19 Civil wrong (4)
 - 21 Guide (5)
 - 24 Goods vehicle (3)

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WALL STREET WEEK

2000 and beyond

Just a little more than a year after the Dow Jones Industrial Average first reached 2000, the stock market has adopted that level as a regular hangout. Since the crash in October that sent the average tumbling into the low 1700s, the market has rallied back to around 2000 four separate times. On each of those occasions, the advance has bogged down at that point.

Now, Wall Streeters hope, it may be ready to clear that obstacle.

Many stock market analysts say it is simplistic or even silly to talk about round-number levels in the Dow as measures of any significance for the market outlook.

When investing institutions measure their performance against the market as a whole, these analysts point out, they usually don't use the Dow, but rather the broader Standard and Poor's 500-stock composite index.

Nevertheless, Dow 2000 appears to provide a good reference point for the current state of the market.

Now that a semblance of stability has returned to the marketplace, a new symbolic appraisal has been made: improvement in the trade deficit and a decline in interest

rates have warranted a return to the threshold of 2000 at least.

But to buy stocks much above that level is still considered a risky proposition.

"When the market rallies almost to 2000 one contingent believes - loudly - that it is already running into trouble," observes Justin Mammis in a current market commentary for the investment firm of Cowen and Co. "Another group quickly gets labeled on TV as 'emerald bulls' and insists they've never given up faith in new Dow highs."

In the past week the industrial average closed above 2000 Tuesday and Wednesday after the Washington's birthday holiday, slipped back briefly, and then jumped ahead again. It closed Friday at 2014.59, up 31.33 from the week before.

The New York Stock Exchange composite index rose 2.10 to 146.96; the American Stock Exchange market value index 3.16 to 280.16, and the Nasdaq composite index for the over-the-counter market 3.85 to 357.12.

Volume on the Big Board averaged 160.98 million shares a day, against 179.43 million the week before.

CURRENCY MARKETS

Dollar loses upward momentum

The dollar closed slightly lower in New York Friday. In earlier European trading, it fell to a low of 1.6995 Deutschmarks on bearish remarks by the president of the Swiss National Bank.

He said a further decline in the dollar cannot be ruled out as long as large trade imbalances persist. The dollar then bounced back into the middle of its recent tight trading range of 1.699-1.717 marks that prevailed throughout the week.

Last Monday the week opened with little follow-through buying on favourable U.S. trade data news. The dollar actually failed to approach the 1.724-marks level that was reached on Friday. The Japanese trade surplus figures for January, which were released Monday, showed a smaller-than-expected decline and this undermined any efforts to drive the dollar higher. However, it found firm support at the 1.7 marks level.

Market holidays in several financial centres contributed to the thin trading volume and the lack of direction. The currency market is currently at a consolidation period characterized by small price movements within narrow ranges. The market has also lost much of its responsiveness to political and economic developments. The primary elections in the U.S., for example, have so far been virtually ignored by the market.

On a technical basis, the dollar lost much of its upward momentum and this makes it vulnerable to a correction. However, the medium-term dollar uptrend has not yet been broken.

It is advisable to wait until an actual breakout in either direction occurs before making any large commitment.

The column appears courtesy of Boaz Barak Advisory Services

Muscovy duck flies to poultry sector's rescue

By YA'ACOV FRIEDLER
Jerusalem Post Reporter

HAIFA - The Muscovy duck of Galilee has set out to invigorate the poultry market, domestic and export.

Originally from South America and brought to Europe as a game bird, the Muscovy, or Barbary duck has taken over a large share of the French canard market, since it was introduced 15 years ago.

In Israel it is being bred, from imported French ducklings, at the 21 Galilee kibbutzim and moshavim that market their poultry through Galilee Poultry Ltd. based in Krayot Shimon. The firm supplies 10 per cent of the local poultry market and with a turnover of NIS 25 million from 13,000 tons of chickens, was rated Israel's 54th largest business in 1987, by Dun & Bradstreet.

At a press luncheon, made of Muscovy duck from entree through soup to main course, at the Dan Carmel hotel last week, Galilee Poultry executives said they had introduced the duck to expand the settlements' production. Because Muscovy duck is not subsidized it is not bound by the production quotas.

It retails, frozen, at about NIS 9 a kilogram, comparable to regular ducks though about twice the price of chickens.

Its advantages are its low fat content - 13 per cent, as against 30 for ducks, few bones and its gamey flavour red meat.

In 1987, Galilee Poultry marketed 150 tons of the duck, 40 per cent of it in Europe, mainly to the kosher market, though they have already estab-

lished a steady clientele of non-Jews who prefer kosher products as a guarantee of product purity.

Galilee Poultry plans to produce 500 tons this year, half for export, and to double the quantity again in 1989.

The plant employs 230 workers and plans to employ another 25 at a new NIS 1m. wing for processing ducks and chickens, which is about to be opened.

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REPORT SUSPICIOUS OBJECTS

مكزاتن الاصيل

ECONOMIC NEWS

Change in liquidity rules seen spurring new saving schemes

By AVI TEMKIN
Post Economic Reporter
The new liquidity margins arrangements introduced by the Bank of Israel starting this week will enable commercial banks to offer their clients new types of deposit accounts, including a Pachak account on which depositors will be able to write cheques.
The liquidity arrangements will also encourage banks to offer higher interest rates on Pakam accounts for over one week. Bank of Israel officials said the banks would be able to offer their clients to open three-month deposit accounts, with an option to withdraw the money every week.

The changes in liquidity requirements, which become effective Thursday, will introduce three different margins, instead of the current seven. On accounts of up to six days, Pachak and cheque accounts, the commercial banks will be required to hold a margin of 33 per cent. On accounts of one week to three months the margin will be 20 per cent, while on deposits of over three months the margin will be only 20 per cent.
The Bank of Israel is confident that the wide differences in liquidity margins will encourage the commercial banks to attract deposits for longer terms. Officials said that once the new arrangements become effective it would be up to the commercial banks to decide what type of accounts to introduce. But the central bank officials are convinced the competition between the banks will make the introduction of the new accounts a matter of time.
In a related matter, the central bank said yesterday that next month it would offer the commercial banks NIS 300 million in monetary loans through tenders, considerably less than the NIS 750m. offered in February. The central bank said the lowering of liquidity margins effective Thursday would make it possible to lower the sums offered as monetary loans to the commercial banks.

Clal formally gains control of Polgat

By JUDY MALTZ
For The Jerusalem Post
Clal Ltd. has taken control of Polgat Industries Ltd., Israel's leading textile firm, in a deal valued at \$18 million.
Under the terms of the agreement, signed Thursday evening, Clal will acquire the 41 per cent equity in the company and will receive 54 per cent of the voting rights in the company from Israel Polgat, Polgat's chairman. Polgat is to receive half the value of these shares in cash and half in a share swap with Clal Ltd., the main holding company, and Clal Industries Ltd., the subsidiary that will oversee Polgat. The transactions take effect within 30 days.
Amos Sapir, Clal's deputy managing director, yesterday told *The Jerusalem Post* that while negotiations had formally begun only two months ago, the holding company has been interested in Polgat for many years. Polgat's market value is today around \$44m.
Although there had never been business dealings between the two companies, they shared some of the same top management figures. Polgat, for example, was one of the founders of Clal and has for many years served as chairman of its board, while Clal Managing Director Aharon Dovrat is also a vice chairman at Polgat. Both Polgat and Dovrat are members of what is referred to as Israel's "Latin American business mafia".
Sapir said Clal had recently been keeping a particularly close eye on Polgat, since it was obvious that there was no natural successor to Polgat, who is 78. More important, he said, was the fact that "Polgat is a marvelous business."
The problem of deteriorating profitability at the textile firm, Sapir said, would be dealt with through cutbacks, new investments and the integration of Polgat's activities with those of Kitan Ltd., the large textile company already owned by Clal.
He insisted there would be no mass layoffs at Polgat's Kiryat Gat



Israel Polgat (I.P.P.A.)

marketing, distribution and financing operations of Polgat and Kitan. He said he hoped Polgat's already strong ties with Britain's Marks & Spencer chain stores would help Kitan in that market. Although the two companies specialize in different areas - Polgat in outerwear and Kitan in towels and linens - Sapir said there was considerable room for joint production.
Before signing the agreement last week, Polgat flew to London to brief his customers in Marks & Spencer about the pending takeover. According to Sapir, the British chain store, which is Polgat's single largest export customer, welcomed the management changeover.
Sapir said he did not expect to see much growth in either sales or profits at Polgat until 1989, when the fruits of Clal's recovery efforts should become evident.

Frutarom plans \$8.7m. expansion

By JUDY MALTZ
For The Jerusalem Post
Frutarom Electrochemical Industries Ltd. yesterday unveiled a comprehensive \$8.7 million development programme.
The company, which had been on the verge of closing down two years ago, said its ability to undertake such a huge investment reflected the significant recovery it had experienced since then.
The programme will focus on expanding its polyvinyl chloride production capacity, the elimination of bottlenecks in production and the replacement of equipment.
In a recent interview with *The Jerusalem Post*, industrialist Gad Propper, who recently joined Paz Properties, charged that Israel was being denied a multi-million dollar agrochemicals market in Egypt because of excessive red tape.
Situating just across the border, with similar climate and terrain conditions, he said, Egypt was a natural market for Israeli agrochemicals producers.
Livnat acknowledged that Israelis were subject to more red tape in Egypt than exporters from other countries. In many instances, it could take as long as three months for an Israeli to obtain an export license, he said.

Exports to Egypt up 200% in '87

By JUDY MALTZ
For The Jerusalem Post
Direct exports from Israel to Egypt tripled in 1987 from \$2 million to \$6m. Max Livnat, head of the Foreign Trade Administration at the Ministry of Industry and Trade said yesterday.
Including indirect exports through third countries, he said, the actual figure approached \$10 million, with agricultural inputs and equipment accounting for the bulk of these sales.
Livnat estimated there was still a large untapped market in Egypt for Israeli high technology goods, particularly medical and telecommunications equipment.
Despite this impressive growth in exports, Israeli industrialists still complain that Egyptian bureaucracy is making life difficult for them.
In a recent interview with *The Jerusalem Post*, industrialist Gad Propper, who recently joined Paz Properties, charged that Israel was being denied a multi-million dollar agrochemicals market in Egypt because of excessive red tape.
Situating just across the border, with similar climate and terrain conditions, he said, Egypt was a natural market for Israeli agrochemicals producers.
Livnat acknowledged that Israelis were subject to more red tape in Egypt than exporters from other countries. In many instances, it could take as long as three months for an Israeli to obtain an export license, he said.

Kessar rejects early package deal

By JEFF BLACK
For The Jerusalem Post
Histadrut Secretary-General Yisrael Kessar firmly scotched any talk of an early package deal yesterday morning, particularly any idea of the labour federation agreeing to give up the cost-of-living increment due workers next month in return for an agreement.
In a meeting with Kessar, Manufacturers Association President Dov Lautman called on the labour leader to agree to a change in the C-o-L accord before February's Consumer Price Index is published at the middle of March. Kessar rejected this.
"If they think a package deal can include not paying the C-o-L allowance, there is no deal," Kessar later commented.
Lautman argued that the decline in exports, and a slowdown in local economic activity urgently demanded a new package deal, to be signed before February's inflation figure was released.
But as far as Kessar is concerned, the present C-o-L accord will stay in force until it expires at the end of March. Only then, said Kessar, would he be prepared to discuss changes in the system, which compensates workers for price rises. He stressed, however, that the Histadrut would not agree to abolish the principle of automatic wage increases in line with inflation.
Kessar also rejected any talk of a package deal until after a new wage agreement has been signed for 1988-89. Tonight he is scheduled to meet Finance Minister Moshe Nissim for preparatory talks on the issue. Treasury officials have also recently denied speculation that a package deal is on the cards.
Kessar said he hoped a new wage deal, for both the public and private sectors, would be reached in time to be paid in April's salaries. He added that he thought Nissim shared this hope.
Meanwhile, the Histadrut's central committee yesterday praised the Sheshinski panel on tax reform for its proposal to introduce a capital gains tax. Prof. Eitan Sheshinski, who chaired the panel that prepared the report, attended the committee's discussion. He insisted that despite the Treasury's opposition to taxing stock exchange profits, "the committee's recommendations must only be implemented en masse," without exceptions, "as the Bank of Israel has suggested."

Kessar, while praising the capital gains tax recommendation, took issue with the report over its suggestion to tax employers' contributions to workers' benefits such as advanced-training funds (kravot hishlamut). Such a move, he said, would lead to higher labour costs in order to compensate the workers for the reduced contributions and lead to price rises. The central committee also rejected the proposal to abolish tax benefits for development towns.
The Histadrut leader, moreover, promised that the central committee would not give up its fight over the cabinet's decision to abolish the 10 per cent surtax for top-income earners. He said the Histadrut would keep up pressure inside the Knesset to ensure that this decision was reversed.
A week earlier, Washington had banned tomato imports from some 20 countries, including Israel, on the grounds that they were infected by the Mediterranean fly. Israeli agricultural officials had expressed shock at this decision, claiming they had never heard of such complaints before.
But an Israel Agriculture Ministry representative was sent to Washington last week, where he succeeded in convincing U.S. officials that there were no problems with the Israeli tomatoes. Agriculture Ministry Deputy Director-General Arye Zaefz said yesterday.
Israel typically exports about 2,000 tons of hothouse tomatoes, worth an estimated \$6 million, to the U.S. each year.

Exports of tomatoes to U.S. resume

Starting yesterday, Israeli farmers are once again permitted to export their tomatoes to the U.S. market.

chase, and pay 4 per cent interest per year. He said that \$500 million worth of such debentures could be sold "in a matter of two or three years", to encourage potential investors in development town industry.
Gaon admitted that he had raised the proposal before the Board of Governors of the Jewish Agency, but that it had fallen on deaf ears there.

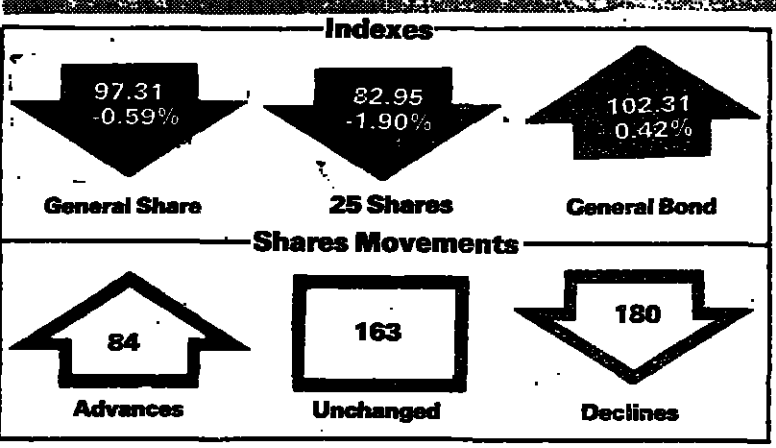
Bruno to Mexico

Bank of Israel Governor Michael Bruno left over the weekend for Mexico, where he will be visiting for 10 days at the invitation of Miguel Mancera, the head of Mexico's central bank.
The central bank said Bruno would meet with Mexican President Miguel de la Madrid and some of his ministers, who are interested in learning about Israel's Economic Stabilization Programme. Bruno was one of the architects of that plan.
Talk to an expert
The Federation of Chambers of Commerce will hold a phone-in session from 10 a.m. to 1 p.m. today during which the public is invited to ask questions of 22 experts on the full range of economic topics, including marketing, banking, exports, banking and currency. The telephone number is (03) 561-2444.

Development towns

MIGDAL HAEMEK (Itim) - The country's development towns, with the approval of the Finance Ministry, should issue their own bonds as a means of raising capital for local projects, the president of the World Sephardic Federation, Nessim Gaon, proposed yesterday.
In a meeting with mayors of development towns here, Gaon suggested that the debentures, which would be sold in Jewish communities overseas, should carry maturity dates 20 years from the date of purchase.

Tel Aviv Stock Exchange



Statistics

Stock Indices	
General Share (local avg.)	94.57 -1.38
Non-argmt.	94.65 -2.44
Arrangement Banks	106.23 -0.14
Mortgage Banks	98.52 +0.25
Financial Inst.	101.10 -0.21
Insurance	78.90 -1.34
Commerce & Services	79.50 -1.08
Real Estate & Agric.	84.35 -1.84
Industrials	84.87 -1.19
Food & Tobacco	87.84 -0.52
Tobacco	89.08 -0.39
Metals	87.05 -0.67
Electronics	88.22 -0.21
Chemicals	87.18 -1.31
Industrial Invest.	77.00 -2.28
Investment Cos.	84.38 -2.03
Oil Exploration	84.28 -2.75
Parallel Est.	85.00 -1.74

Bond Indices

Index-linked Bonds	102.21 +0.40
Fully linked	102.35 +0.42
Partially linked	101.82 +0.25
Foreign Currency	103.71 +0.64
FC denominated	102.83 +0.27
FC linked	103.03 +0.81
Short-term 0-2 yrs	102.04 +0.37
Medium-term 2-5 yrs	102.47 +0.50
Long-term 5+ yrs	102.30 +0.30
Long-term 7+ yrs	102.30 +0.41

Turnovers

Total Shares	NIS 21,350,300
Total Shares	NIS 10,911,700
Arrangement	NIS 10,438,800
Bonds	NIS 6,787,700
Treasury Bills	NIS 75,558,400

Share Movements

Advances	84 (258)
Declines	12 (61)
Unchanged	2 (4)
Of which 5%+	180 (40)
Of which 5%+	37 (3)
Trading list	53 (43)

Bond Market Trends

Index-linked	Rises slightly
4.25% fully linked	Rises slightly
5.00% fully linked	Rises to 1%
Double linked	Rises to 1.5%
Double linked	Rises to 1.5%
Double linked	Stabilized slightly mixed
T-bills	15.9-18.5%

Arrangement Yields

DB and	8.81%
Union 0.1	9.82%
Discount A	9.82%
Mitzi R.	10.26%
Hapoel R.	9.61%
General A	9.00%
Leumi Stock	9.00%
Fin. Trade 1	NT

Earnings at Leumi's N.Y. unit grew 28% last year

Post Finance Reporter
Bank Leumi Trust Co. of New York reported Friday improved profits for 1987. The bank, the largest Leumi subsidiary, announced a net profit of \$8.7 million, a 28 per cent gain over the previous year's \$6.7m.
However, a large factor in this increase was the one-time profit that resulted from the sale of leasehold property rights. This brought in \$6.9m. of one-time income, and boosted gross profit to \$12m., compared with \$6.7m. in 1986.
Leumi New York paid \$3.3m. in taxes last year, up from a negligible \$300,000 the year before. On the basis of ongoing operations, therefore, the bank's pre-tax profit grew modestly, by about 10 per cent. Capital assets climbed 89m. to reach \$141m., and total assets grew marginally to \$2.93 billion. Leumi New York's loan portfolio grew 9 per cent to \$1.7b.
Special factors were also at work at Bank Leumi France, where profit

Selected Prices

Name	Price	Volume	% change
Commercial Banks			
Bank Leumi	1250	2076	-2.3
General non-arg.	15700	270	+0.8
Bank Leumi	14700	1673	-2.3
Commercial Banks (part of arrangement)			
Bank Leumi	107800	1319	-
Bank Leumi	107800	448	-
Bank Leumi	107800	981	-
Bank Leumi	107800	2185	+0.1
Bank Leumi	107800	3018	-
Bank Leumi	107800	357	-
Bank Leumi	107800	5543	-0.5
Mortgage Banks & Finance			
Bank Leumi	7885	107	-2.0
Bank Leumi	1580	1061	-
Bank Leumi	3231	420	-0.8
Bank Leumi	7094	2	-
Bank Leumi	21670	48	-
Bank Leumi	11727	78	-
Bank Leumi	22600	8	-4.1
Insurance			
Bank Leumi	1435	542	-1.0
Bank Leumi	840	342	-
Bank Leumi	4339	28	-0.5
Bank Leumi	1161	105	-
Bank Leumi	322	208	-
Bank Leumi	840	780	-3.3
Bank Leumi	3405	-	-
Trade & Services			
Bank Leumi	788	510	-5.9
Bank Leumi	585	1570	-5.9
Bank Leumi	782	531	+0.2
Bank Leumi	1080	549	-4.3
Bank Leumi	631	1083	-
Bank Leumi	783	1383	-
Bank Leumi	1306	413	-0.1
Bank Leumi	6800	-	-
Bank Leumi	2708	284	+10.0
Bank Leumi	106	602	-
Bank Leumi	7100	271	-
Bank Leumi	948	8700	-
Real Estate, Building and Agriculture			
Bank Leumi	305	3718	-7.6
Bank Leumi	37840	72	-
Bank Leumi	1808	1433	-
Bank Leumi	5450	208	-2.7
Bank Leumi	270	9040	-4.6
Bank Leumi	3776	780	-
Bank Leumi	18400	267	-
Bank Leumi	273	3892	-
Bank Leumi	3261	341	-1.8
Bank Leumi	1580	808	-1.3
Industrials			
Bank Leumi	2780	528	+0.5
Bank Leumi	51500	41	-
Advancements			
Bank Leumi	a.s. buyers only	b. bearer	r. registered
Bank Leumi	a.s. no trading		

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Final date for submission of bids: 11 a.m., Monday, April 25, 1988. The University does not undertake to accept the highest, or any other bid.

25 Shares

Name	Price	Volume	% change
Bank Leumi	6251	529	-
Bank Leumi	180	34062	-2.70
Bank Leumi	284	1515	-
Bank Leumi	912	8860	-
Bank Leumi	28051	3481	-
Bank Leumi	28705	244	-
Bank Leumi	927	3405	-1.00
Bank Leumi	2576	1887	-
Bank Leumi	NT	-	-
Bank Leumi	632	7628	+1.30
Bank Leumi	11367	324	-
Bank Leumi	3770	391	+1.00
Bank Leumi	215486	58	-
Bank Leumi	7686	2386	-
Bank Leumi	2068	6522	-
Bank Leumi	352	14381	-2.80
Bank Leumi	288881	47	-
Bank Leumi	11087	228	-
Bank Leumi	5891	2479	-
Bank Leumi	824	2082	-
Bank Leumi	3628	2118	-
Bank Leumi	2131	2486	-
Bank Leumi	1131	8794	-

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The Agency faces reality

IT HAS TAKEN nearly 40 years, but at long last the Jewish Agency appears to have begun adjusting to the realities of Israeli statehood. Three decisions adopted by its board of governors last week suggest a dawning realization that the Agency can no longer play the anachronistic role of a parallel government, as it were, if it wishes to maintain credibility and effectiveness.

One decision endorsed the main recommendation of the Katz Committee Report last year, calling for the transfer of immigrant absorption services to the government. Another decision provided for an administrative shakeup designed to eliminate the ancient system of Agency departments as independent political fiefdoms. The third decision was to sell off economic assets that had long ceased to be relevant to the Agency's purposes and programmes.

The Katz Report found a major source of the Agency's irrelevance and wastefulness to lie in its vaunted self-image as a governmental authority in direct competition with the government of Israel. Thus it happened that the establishment of the Ministry of Absorption in 1968 led not to a decrease but to an increase in the Agency's activities in the field of immigrant absorption.

Obsessed with the symbolic and political trappings of power, the Agency failed to appreciate the crucial distinction between the proper functions of an authentic government, and those of a non-profit organization.

It is plainly a government's responsibility to provide basic services, such as temporary housing for new immigrants. Non-profit bodies such as the Agency can make a useful contribution only if they confine their role to providing supplemental services.

Under the new administrative reform, the chairman of the Agency executive will be responsible for ensuring that Agency departments implement the policies set by the board of governors. For any normal social service organization, especially one with a \$420 million annual budget, this would be standard practice. Until now, however, policy decisions made by the Jewish Agency board could be ignored by the political barons who control the departments, or they could get lost in the creaky administrative machinery at the disposal of the chairman.

During his eight years as Agency chairman, Arye Dulzin strenuously resisted attempts by the Diaspora fund raisers to invest him with the powers of a "chief executive," apparently because he felt it was beneath his dignity to be directly accountable to the board for his actions. His newly elected successor, Simcha Dinitz, has now happily bowed to the imperative of accountability.

It is significant that the three decisions, together with other measures intended to reduce waste and increase efficiency, were pushed through mainly at the initiative of the fund raisers. These Diaspora representatives found willing partners, however, in the new chairman and in some of the other leaders of the World Zionist Organization who had come to realize that the Agency's poor image can only be refurbished by changing its functions and mode of operation.

Defining the military norm

WHEN soldiers use truncheons against rioting Palestinians in the occupied territories two issues arise, one of efficacy, the other of legality.

The practical assumption behind the employment of the truncheon as a principal instrument of riot-control has been that it will put paid to the disorders bloodlessly, causing the least amount of physical damage to the rioters and political damage to Israel's standing and image. That assumption has not been borne out by the experience of the five weeks since the defence minister, Yitzhak Rabin, gave his now famous orders.

Although the level of Palestinian violence has been somewhat reduced, partly due to the rioters' natural exhaustion, the disorders are continuing and the rebellious mood of the population may well even be on the rise. The arrival of the U.S. secretary of state on Thursday is expected to be the signal for a fresh outburst of rioting.

Pictures of the truncheon in action, appearing on television screens the world over, may have done greater injury to the country's image than anything, including guns, has ever done before. In the meantime, there are also signs that the truncheon has been found wanting as soldiers find themselves compelled to resort to weapons.

Their efficacy apart, however, do the beatings as they have been practised pass the test of IDF legality? In itself, the use of the truncheon to put down violent rioting is perfectly lawful in occupied territories certainly no less than on the streets of Paris or on U.S. campuses. But no mode of using the truncheon, even if it does not result in killing, is legal. This has been the nub of the argument between Mr. Rabin and some of his critics, who have claimed that what the defence minister was passing off as deplorable exceptions to the army's proper conduct, was fast coming to resemble a new and illegal norm.

Now the IDF's own chief law officer, Tat-Aluf Amnon Strashnow, has settled that argument, without even referring to the problem of the truncheons, and without troubling the High Court of Justice. A reasonable amount of force, the Judge Advocate-General has stated, may be used to put down violent demonstrations and to seize suspected rioters who resist detention. But once the riot has been broken up, or a suspect detained, any further use of force is illegal.

Punishment, in other words, whether for its own sake or for deterrence, is not for soldiers to administer, nor for their commanding officers to order. Those among them who issue such orders and those who obey them are in violation of the law, and will stand trial.

Had the troops in Judea, Samaria and Gaza been notified as clearly and unambiguously of what they may and may not do five weeks ago, they and the country as a whole might have been spared a great deal of trouble, and anguish.

Autonomy and other tales

Eliashiv Ben-Horin

IF THE DIG-IN, do-nothing-and-pray-for-the-best policy were candidly presented, one could at least find out if it is supported by half the electorate rather than by half the cabinet. It could also be recognized as one point of view, even by those who consider it disastrous.

But it is not thus presented. Instead, we have for a long time been treated to a show of make-believe and illusion, where nothing is to be seen for what it is. Every verbal sleight-of-hand, every rhetorical device, every play on the audience's senses and emotions, is resorted to so that the stage may become obscured, the actors' moves veiled, and unreal images conjured up in the public mind.

A mockery is made of the meaning of words. False labels are stuck on issues. Deep cleavages are described as national unity, tactical expediency elevated to the status of consensus. Domination becomes co-existence. Crisis translates into "What's the hurry?"

Disagreement with me means betrayal of Zionism. Dragging my feet is promoting the peace process. Negotiation turns into national suicide, no less; and the very refusal of meaningful talks equals resisting foreign dictates. The list is long.

In short, day after day we are served generous portions of Orwellian doublespeak - homemade style. Only the most uncomplimentary opinion of the average Israeli's intelligence could make one assume that he will for ever be content with that.

FROM TIME TO time, stale ideas for a settlement of the conflict are reshaped, in the safe knowledge that the other side will not entertain them.

One of these is the resurrection of the old autonomy proposal. This writer headed one of the working groups at the defunct autonomy talks after Camp David. With hindsight, they never really stood a chance of leading anywhere.

Largely, of course, because Egypt - Sadat's self-confidence notwithstanding - did not have a mandate from the Palestinians to negotiate on their behalf. To pressure Israel for their benefit, yes; but not to

conclude anything that would commit them.

Prime Minister Begin knew what he was doing when he refused to let the imaginative, innovative Moshe Dayan head the Israeli team, and instead installed a veteran of Israeli politics whose orthodoxy could be relied upon. Without a radical departure from Mr. Begin's concept of autonomy - of which there is no evidence at present - starting all over again would be flogging a dead horse, a mere exercise in frustration and futility.

Is the purpose, then, just to play for time? Very well, but time for what? So that in the meantime, perhaps, "The parit" may die, or the dog may die? Nice Yiddish story, but they never do.

Then again, we are handed the old story about this not being "a time for talking," what with unrest in the territories.

Fine, but before the unrest, we were told that we were "practically at peace," and thus, why hurry? After the unrest dies down - if it does - there will again be "no hurry."

Talks should start, not because of the present trouble, but in spite of it. For ultimately, the issue is not the spectacle of the Arab stone-throwing of today but the vision we have of our own tomorrow.

THE OLDEST tale of them all is the "only direct negotiations" slogan. A noble principle. All our governments have preached it; none has allowed it to stand in the way of reaching necessary agreement.

The fact is that never since the establishment of Israel has any major open Israeli-Arab accord been concluded through direct negotiation alone.

The armistice agreements were achieved at Rhodes with Ralph Bunche of the UN nudging the antagonists into them when they were weary, with everybody talking to him rather than to each other. Cease-fires had to be "ordered" by the Security Council after their terms had been hammered out by

major powers in separate consultation with the belligerents. To reach the separation-of-forces arrangements in the aftermath of the Yom Kippur War, the tireless Henry Kissinger had to shuttle all over the area, haggling over every last detail with each of the governments concerned.

And without president Carter's hopping from bungalow to bungalow for 17 days, no white smoke would have risen over Camp David.

Israelis and Arabs both, even when they wanted to, have always been unable to reconcile differences by themselves, without some outside help.

Dr. Kissinger once publicly almost blamed his immersion in the Vietnam talks for the outbreak of the Yom Kippur War; if only he had been available to deal with the Middle East in time...

Vintage Kissinger, of course. But what a tragedy it, years from now, one of his successors should feel moved to speak in a similar vein. SECRETARY OF STATE Shultz seems bent on doing his best to bring Israel and Jordan together openly, under psychological and substantive circumstances tolerable for both.

Perhaps he feels that the superpower he represents can do no less than to take by their hands, as gently as possible, two of his friends who need support in walking to their meeting-place.

If so, he is right. Hard bargains should be struck with him, but he should not be discouraged from performing his task. Not for his sake, but for our own.

Possibly no solution will, or indeed can, be found that both sides can live with. But nothing will be gained, and much may be gained, by giving negotiations a decent chance. Even if only so that we will be able to tell ourselves and our sons that we honestly tried.

As for those who prefer the future risks of permanent conflict to the present certainty of painful compromise, let them say so without equivocation. They will be respected for their candour.

The writer was a senior member of Israel's foreign service.

Dry Bones



READERS' LETTERS

DUTCH APPEAL

To the Editor of The Jerusalem Post
Sir, - Since the founding of the State of Israel, the existence of this small Jewish nation has been continually threatened. If Israel's Arab neighbours had not once again threatened its existence in 1967, there would be no conflict over the occupied territories of the West Bank and the Gaza Strip today.

In many countries in the world, there is a disgraceful lack of respect for human rights; but it often seems as if the United Nations are quicker to condemn Israel. For the above reasons, Israel's many friends are reluctant to criticize Israeli policies. But this is not the issue at stake now.

What is at stake is the fact that there is nothing in the present uprising that justifies the extreme use of violence and repression by the Israeli army in the occupied territories. What does the Israeli government expect of people who have lived under military occupation for 20 years and who have no hope whatsoever for their future nor for that of coming generations?

The violent repression in the occupied territories has to stop. The

friends of Israel do it no service by remaining silent at this crucial point in its history.

Because of their concern for the safety and the future of Israel as a democratic and humane state, Blanes, a group of progressive Jews in Holland, took the initiative of organizing, within the Dutch Jewish community, a petition to the Israeli government. Among the more than 160 signers of this petition are Ed van Thijn, Mayor of Amsterdam; Hedy d'Ancona, member of the European Parliament; Jacques Walage, member of the Dutch Parliament; and Marga Minco, a well-known author.

The petition was presented to the counsellor of the Israeli Embassy in The Hague. It urges Israel to stop its iron-fist policy in the occupied territories and to seek a political solution to this enduring conflict - a solution which does justice to the national, political and humanitarian aspirations of both Jews and Palestinians.

RINKE VAN DEN BRINK
JENNY EBEL
Amsterdam.

BLEEDING HEARTS

To the Editor of The Jerusalem Post
Sir, - As an ex-Cockney, I wish to express my exasperation with the "bleeding hearts without bleeding brains" whose letters have been given so much space in recent weeks following the "disturbances." The one which has stung me to put pen to paper is from Joan Isserlis (February 5).

In the very first paragraph, Joan Isserlis admits she knows nothing about handling riots, but offers no alternative to what she considers morally wrong. She then proceeds to posit the dilemma faced by all security forces in democratic countries - that their actions may sow the seeds of hatred for generations to come. A brief glance at history shows, however, that hatred be-

tween nations need not last where it is willed otherwise: Germany and France, America and Japan, and yes, Egypt and Israel.

Finally Ms. Isserlis reveals the cruelest of galut/ghetto complexes when making it quite clear that what bothers her most is what the gentiles might say. Does she really expect soldiers to weigh any possible embarrassment American Jews might have before taking any action?

Memories are so short! How long is it since America totally ignored the safety, never mind the embarrassment, of Americans and Europeans living in Libya?

Kiryat Ata.
NATAN KANE

The UJA Green Line

Hadassah Marcus

THE ARTICLE by Neale Katz of the United Israel Appeal, (Jerusalem Post, January 26) defending the UJA's refusal to allocate funds across the Green Line is an attempt to distract the reader from the real issue in the growing UJA cover-up. He describes at length the incident when the UJA almost lost its U.S. tax-exempt status because it used funds "for security needs," and stresses that U.S. law prohibits the use of funds for "security, military, or political purposes."

This entire argument is merely a distraction. No one involved in the current battle with the UJA has requested or suggested that UJA funds be allocated for security purposes. Clearly, that would violate the U.S. tax laws on both sides of the Green Line. What is being demanded is that UJA money be used for recognized charitable purposes, including education and social welfare.

LAST YEAR, a successful Youth Aliya educational programme was forced to close because of this UJA policy. Project Shimon was a high school for English-speaking students from the U.S. and Canada. As the cost of its rented space in West Jerusalem became prohibitive, Youth Aliya decided to move it to the Sephardi Centre in the Old City.

After months of discussion, the plan was dropped, as is explained in a letter from Binyamin Amiram of the Jewish Agency to Shmuel Ben-Hillel, director of the Sephardi Centre:

"... To our dismay, we have been informed that the Jewish Agency is not permitted to transfer funds across the Green Line of 1967, as it violates American law regarding UJA funds... We have looked for ways to try to overcome this legal problem, but without success. There is no legal way in which it can be done... It is with great dismay, therefore, that we are forced to give up this wonderful idea that we developed together."

Were this truly a requisite of the U.S. tax authorities it could have been accepted as a necessary, albeit unfortunate, occurrence. But, in fact, the closing of the programme was quite unnecessary. The U.S. Internal Revenue Service stated in a letter to U.S. Senator Alfonse D'Amato:

"... In reply to your query ... as to whether contributions to JNF and UJA for their exempt purposes in East Jerusalem, Judea, and Samaria, would be deductible... the fact that qualified organizations may be engaged in spending their contributions outside the U.S. does not disallow the donor's deduction because the donor's contribution is nevertheless made to a qualified organization organized in the U.S."

Likewise, U.S. Senator Daniel Moynihan's office has concurred "that cheques made out to the JNF... are tax exempt and that the question of earmarking such funds for projects in Jerusalem, Judea, or Samaria is up to the JNF."

WHEN PRESENTED with these letters, the UJA refused to acknowledge what was written in black and white. They then claimed that it was the U.S. State Department that was warning them not to spend U.S. tax dollars in Jerusalem and other areas

across the Green Line, as they (the State Department), would force the IRS to take away the UJA tax-exempt status.

Presented with these allegations, Richard Murphy, the assistant secretary of state, answered:

"... you argue that State Department officials have 'intimidated' the UJA, the JNF, and the UJA into not spending funds outside of pre-1967 Green Line Israel. The reports you cite which alleged this are incorrect. The Department of State has made no such threats."

"The IRS, which is responsible for U.S. tax policy, has not ruled that the American tax-exempt organizations which contribute funds for use in areas occupied by Israel in 1967 will thereby lose their tax-exempt status."

He continued that U.S. government funds are the only funds restricted to use within the Green Line, although they don't "encourage" that any funds be used to support settlements.

Murphy ended: "I request that you circulate this letter to your associates and those who have been advised, erroneously, that the Department of State has threatened to

impose on private donors the policy the U.S. applies to U.S. public funds..."

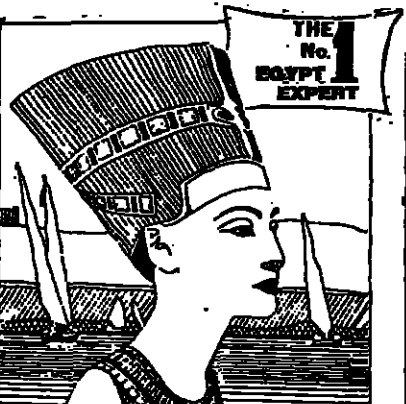
NOW THAT BOTH the IRS and the State Department have made it clear that the UJA is free, and has always been free, to spend its contributions any place it chooses, it is essential that the UJA leadership admit that, all along, it has been an internal UJA decision not to use funds in Judea, Samaria, including Jerusalem.

There has never been a law; there has never been any pressure. The source of this charade has been the UJA management itself.

The UJA leadership has simply misled its contributors as in the letter to the Sephardi Centre.

It is time they publicly admit their cover-up and accept full responsibility for their actions. Moreover, this policy should be changed immediately in order that all worthy educational programmes be supported in Jerusalem or wherever Jews may live.

The writer is co-chairman of the ad hoc committee for UJA funding for Jews of Jerusalem, Judea, Samaria and the Golan.



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